



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

**PUBLIC SUMMARY**

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**  
*Off-site Evaluation*

**Date of Evaluation:** December 31, 2003

**Institution:** United Orient Bank  
10 Chatham Square  
New York, NY 10038

**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 United Orient Bank ("UOB") 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, 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 ("LMI") 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 of small banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Section 76.12. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

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

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## OVERVIEW OF INSTITUTION'S PERFORMANCE

UOB is rated "2", indicating a satisfactory record of helping to meet community credit needs. This rating is based on the following factors:

- **Loan-to-Deposit ("LTD") Ratio:** The bank's LTD ratio is considered reasonable in light of the bank's size, financial condition and the credit needs of its assessment area. The bank's average LTD ratio for evaluation period was 70.31%, which is comparable to the peer group's ratio of 74.94%.
- **Assessment Area Concentration:** The bank extended a majority of its loans in the assessment area.

The bank, during the evaluation period extended 54.9% by number and 56.3% by dollar volume of its small business loans, which is the bank's primary product, in the assessment area. The bank extended its secondary product residential mortgages at a rate of 42.4% by number and 51.1% by dollar volume within the assessment area. UOB's assessment area concentration rating was upgraded to satisfactory due to a substantial improvement in the number of loans extended in the assessment area since the prior evaluation.

- **Geographic Distribution of Loans:** The bank's geographic distribution of loans reflects excellent dispersion among census tracts of different income levels.

In 2002, the bank originated 59.3% of its small business loans in LMI areas, well above the peer group's LMI penetration rate of 9.1%. The bank did not originate any residential mortgage loans during this period.

In 2003 the bank achieved an LMI penetration ratio of 85.7% for its residential mortgage loans, this compared favorably to the owner-occupied housing units in LMI geographies ratio of 17.3%. The bank extended 72.4% of its small business loans in LMI areas, achieving a much higher penetration ratio than its peer group ratio of 13.1%.

- **Distribution by Borrowers Characteristics:** The bank's lending distribution in the assessment area reflects reasonable penetration among individuals of different income levels and businesses of different revenue sizes.

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In 2002 the bank extended 88.9% of its small business loans by number to businesses with gross annual revenues of \$1 million or less, this was greater than the peer's 83.6%. The bank did not originate any HMDA-related loans in 2002. In 2003 the bank extended 87% of its small business loans by number to businesses with gross annual revenues of \$1 million or less, this was greater than the peer's 80.8%. The bank extended 16.7% (one loan) of its HMDA loans to LMI borrowers this was well below the 41% ratio of LMI family lived within the assessment area.

- Neither the bank nor the New York State Banking Department received any complaints with respect to its CRA performance during the evaluation period.

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.

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## PERFORMANCE CONTEXT

### **Institution's Profile:**

Chartered in 1980, UOB is an independent commercial bank located in New York County. As per the Federal Deposit Insurance Corporation's ("FDIC") Consolidated Report of Condition (the Call Report) at December 31, 2003, UOB reported total assets of \$91 million, of which \$66.3 million were loans and lease finance receivables, and \$79.8 million were total deposits resulting in a loan-to-deposit ratio of 83.1%. According to the latest available comparative deposit data dated June 30, 2003, UOB obtained a market share of 0.03% (\$80.4 million) out of \$296 billion inside its market, ranking it 63<sup>rd</sup> among 93 deposit-taking institutions in New York County.

The following is a summary of the bank's lending portfolio, based on Schedule RC-C of the bank's December 31, 2001, December 31, 2002 and December 31, 2003 Call Reports:

| <b>TOTAL GROSS LOANS OUTSTANDING</b>   |               |              |               |              |               |              |
|----------------------------------------|---------------|--------------|---------------|--------------|---------------|--------------|
| LOAN TYPE                              | 12/31/2001    |              | 12/31/2002    |              | 12/31/2003    |              |
|                                        | \$*           | %            | \$*           | %            | \$*           | %            |
| 1-4 Residential Mortgage Loans         | 12,197        | 24.0         | 12,700        | 21.9         | 11,201        | 16.9         |
| Commercial & Industrial Loans          | 9,592         | 18.8         | 9,382         | 16.2         | 9,744         | 14.7         |
| Commercial Mortgage Loans              | 22,785        | 44.8         | 27,655        | 47.7         | 25,783        | 38.9         |
| Multifamily Mortgages                  | 6,018         | 11.8         | 7,986         | 13.8         | 18,049        | 27.2         |
| Consumer Loans                         | 225           | 0.4          | 97            | 0.2          | 148           | 0.2          |
| Agricultural Loans                     |               | 0.0          |               | 0.0          |               | 0.0          |
| Construction Loans                     |               | 0.0          |               | 0.0          | 1,233         | 1.9          |
| Obligations of states & municipalities |               | 0.0          |               | 0.0          |               | 0.0          |
| Other Loans                            | 99            | 0.2          | 215           | 0.4          | 191           | 0.3          |
| Lease financing                        |               | 0.0          |               | 0.0          |               | 0.0          |
| <b>Total Gross Loans</b>               | <b>50,916</b> | <b>100.0</b> | <b>58,035</b> | <b>100.0</b> | <b>66,349</b> | <b>100.0</b> |

\* In thousands.

As illustrated in the above chart, the bank is still primarily a commercial lender, with 53.6% of its loan portfolio in commercial & industrial and commercial mortgage loans as of December 31, 2003. This is a decline from a combined 63.6% as of December 31, 2001. The bank's secondary products are residential mortgage loans, of which 1-4 family residential mortgage loans accounted for 16.9%, and multifamily loans for 27.2%. The 1-4 family mortgage loans showed a steady decline; however, multifamily mortgage loans presented an increasing trend, particularly in 2003.

The bank has served the financial needs of its community by attracting the Asian/Chinese population prevalent in its local area. The bank offers a variety of credit and deposit products as well as other financial services. Loan products include residential real estate mortgages, commercial real estate mortgages, commercial loans, revolving line of credits, Small Business Administration (SBA) loan and personal loans.

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The bank operates three banking offices, of which two are located in New York County, and one in Queens County. The Flushing branch was opened in August 2002, subsequent to the prior evaluation. Supplementing the banking offices is an Automated-Teller-Machine (“ATM”) network consisting of two machines at the branches, one in New York County and one in Flushing. UOB is located in a highly competitive market and competes against institutions with substantially greater resources and wider branch office networks.

The bank’s participation in governmentally guaranteed or sponsored loan programs includes the SBA 7 (a) Guarantee Program. The SBA provides lenders with up to an 80% guarantee for small business loans of less than \$100,000, and up to 75% for loans of \$100,000 or more (up to a maximum guaranty of \$750,000). Proceeds may be used for business expansion or renovation; new facility construction; purchase of buildings, equipment and fixtures; leasehold improvements; working capital; seasonal lines of credit; and inventory.

The bank received a rating of “2,” reflecting a satisfactory record of helping to meet community credit needs, at its prior Performance Evaluation conducted by the New York State Banking Department as of December 31, 2001.

There are no known financial or legal impediments that adversely impacted the bank’s ability to meet the credit needs of its community.

**Assessment Area:**

UOB’s assessment area was expanded since the prior evaluation, and is comprised of the three Chinatown areas in New York County, Queens County, and Kings County. These three separate assessment areas are not contiguous to each other.

The first assessment area consists of 63 census tracts primarily located south of 14<sup>th</sup> Street in Manhattan in New York County.

The second assessment area was established after the opening of its Flushing branch in the borough of Queens. This assessment area consists of 108 census tracts and is bounded by the Cross Island Parkway, Grand Central Parkway, Van Wyck Expressway, and Whitestone Expressway.

The third assessment area was adopted in March 2004 by bank management to include the Sunset Park area in Brooklyn. Management’s decision to include this area as a part of their assessment area was based on the bank’s lending pattern during year 2003; therefore, it was considered in this evaluation. This assessment area consists of 82 census tracts and is bounded by 2<sup>nd</sup> Avenue, 36<sup>th</sup> Street, 18<sup>th</sup> Avenue and 86<sup>th</sup> Street.

As illustrated in the chart below, there are a total of 253 census tracts in the assessment area, of which 10 are low-income, 72 are moderate-income, 56 are middle-income, 109 are upper-income and 6 are zero-income tracts.

| <b>Distribution of Assessment Area Census Tracts by Income Level</b> |             |            |                 |               |              |              |              |
|----------------------------------------------------------------------|-------------|------------|-----------------|---------------|--------------|--------------|--------------|
| <b>County</b>                                                        | <b>Zero</b> | <b>Low</b> | <b>Moderate</b> | <b>Middle</b> | <b>Upper</b> | <b>Total</b> | <b>LMI %</b> |
| New York                                                             | 1           | 8          | 14              | 6             | 34           | 63           | 36.5         |
| Queens                                                               | 4           | 0          | 12              | 28            | 64           | 108          | 14.8         |
| Kings                                                                | 1           | 2          | 46              | 22            | 11           | 82           | 59.8         |
| <b>Total</b>                                                         | <b>6</b>    | <b>10</b>  | <b>72</b>       | <b>56</b>     | <b>109</b>   | <b>253</b>   | <b>34.8</b>  |

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

### **Details of Assessment Area:**

The following is a listing of the Demographic charts attached providing demographic and economic information related to the bank's assessment area in each county. Statistics utilized in this evaluation were derived from various sources. Demographic are from the 2000 U.S. census data, along with the 2003 Department of Housing and Urban Development-estimated (HUD) median family income data.

*Chart #1: Shows population and income.*

*Chart #2: Shows housing demographics.*

*Chart #3: Shows business demographics.*

In addition, the unemployment data and industry breakdown are described below.

### **New York County**

*Unemployment Rates:* According to the New York State Department of Labor, New York County's average unemployment rates were 7.9% in 2002 and 8.4% in 2003, which were above the state's average rates of 6.1% and 6.3%, respectively.

*Business Demographic Data:* According to a Dun and Bradstreet survey, in 2003, there were 61 thousand businesses in the bank's assessment area. They are as follows: 24.1 thousand (39.5%) were service providers; 11.1 thousand (18.1%) were in the retail trade; 2.4 thousand (4%) in manufacturing, 1.9 thousand (3%) in transportation, communication, 1.4 thousand (2.2%) in construction, 7.1 thousand (11.6%) in finance, insurance and real estate and 2.9 thousand (4.8%) in the wholesale trade.

### **Queens County**

*Unemployment Rates:* According to the New York State Department of Labor, Queens County's average unemployment rates were 6.5% in 2002 and 6.9% in 2003, which were slightly above the state's average rates of 6.1% and 6.3%, respectively.

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*Business Demographic Data:* According to a Dun and Bradstreet survey, in 2003, there were 21 thousand businesses in the bank's assessment area. They were as follows: 7.5 thousand (35.8%) were service providers, 3.7 thousand (17.7%) were in the retail trade, 489 (2.3%) in manufacturing, 835 (4%) in transportation, communication, 1.3 thousand (6.1%) in construction, 1.7 thousand (8%) in finance, insurance and real estate and 1.2 thousand (5.7%) in the wholesale trade.

## **Kings County**

*Unemployment Rates:* According to the New York State Department of Labor, Kings County's average unemployment rates were 8.6% in 2002 and 9.2% in 2003, which were above the state's average rates of 6.1% and 6.3%, respectively.

*Business Demographic Data:* According to a Dun and Bradstreet survey, in 2003, there were 14.4 thousand businesses in the bank's assessment area. They were as follows: 4.7 thousand (32.4%) were service providers, 3.1 thousand (21.2%) were in the retail trade, 517 (3.6%) in manufacturing, 523 (3.6%) in transportation, communication, 944 (6.6%) in construction, 1.3 thousand (9.1%) in finance, insurance and real estate and 996 (6.9%) in the wholesale trade.

**CHART # 1**

| <b>UNITED ORIENT BANK</b>                                              |                  |         |                 |         |                 |        |                           |             |                 |      |         |                             |      |        |                |            |      |                 |      |               |      |              |   |                            |  |
|------------------------------------------------------------------------|------------------|---------|-----------------|---------|-----------------|--------|---------------------------|-------------|-----------------|------|---------|-----------------------------|------|--------|----------------|------------|------|-----------------|------|---------------|------|--------------|---|----------------------------|--|
| <b>ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY</b> |                  |         |                 |         |                 |        |                           |             |                 |      |         |                             |      |        |                |            |      |                 |      |               |      |              |   |                            |  |
| COUNTY                                                                 | Total Population |         | Age 65 and over |         | Age 15 and less |        | Median Family Income(MFI) | HUD MSA MFI | # of Households |      |         | # of HH below poverty level |      |        | Total Families | Low income |      | Moderate income |      | Middle income |      | Upper income |   | LMI families in LMI tracts |  |
|                                                                        | #                | #       | %               | #       | %               | \$     | \$                        | #           | #               | %    | #       | #                           | %    | #      | #              | %          | #    | %               | #    | %             | #    | %            | # | %                          |  |
| <b>KINGS*</b>                                                          | 275,491          | 33,485  | 12.2            | 67,852  | 24.6            | 36,514 | 51,900                    | 90,477      | 21,527          | 23.8 | 64,345  | 22,517                      | 35.0 | 10,968 | 17.0           | 10,771     | 16.7 | 20,089          | 31.2 | 25,394        | 75.8 |              |   |                            |  |
| <b>NEW YORK*</b>                                                       | 291,944          | 35,419  | 12.1            | 34,784  | 11.9            | 59,752 | 51,900                    | 138,141     | 24,236          | 17.5 | 54,848  | 16,647                      | 30.4 | 7,858  | 14.3           | 7,441      | 13.6 | 22,902          | 41.8 | 19,786        | 80.7 |              |   |                            |  |
| <b>QUEENS*</b>                                                         | 385,889          | 61,192  | 15.9            | 70,125  | 18.2            | 55,930 | 51,900                    | 143,470     | 16,161          | 11.3 | 100,611 | 17,339                      | 17.2 | 14,878 | 14.8           | 18,893     | 18.8 | 49,501          | 49.2 | 8,114         | 25.2 |              |   |                            |  |
| <b>TOTAL AA**</b>                                                      | 953,324          | 130,096 | 13.6            | 172,761 | 18.1            | 51,200 | 51,900                    | 372,088     | 61,924          | 16.6 | 219,804 | 56,503                      | 25.7 | 33,704 | 15.3           | 37,105     | 16.9 | 92,492          | 42.1 | 53,294        | 59.1 |              |   |                            |  |

\* Partial County

\*\* Assessment Area

**CHART # 2**

| <b>UNITED ORIENT BANK<br/>ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY</b> |                     |                  |      |                   |      |                            |      |                                |     |                                |      |                                |      |                                |      |              |      |              |     |
|---------------------------------------------------------------------------------|---------------------|------------------|------|-------------------|------|----------------------------|------|--------------------------------|-----|--------------------------------|------|--------------------------------|------|--------------------------------|------|--------------|------|--------------|-----|
| <b>COUNTY</b>                                                                   | Total Housing Units | 1-4 family Units |      | Multifamily Units |      | Owner-Occupied Units (O-O) |      | O-O Units in Low-income Tracts |     | O-O Units in Mod-income Tracts |      | O-O Units in Mid-income Tracts |      | O-O Units in Jpp-income Tracts |      | Rental Units |      | Vacant Units |     |
|                                                                                 | #                   | #                | %    | #                 | %    | #                          | %    | #                              | %   | #                              | %    | #                              | %    | #                              | %    | #            | %    | #            | %   |
| <b>KINGS*</b>                                                                   | 94,002              | 58,437           | 62.2 | 35,490            | 37.8 | 25,823                     | 27.5 | 537                            | 2.1 | 13,141                         | 50.9 | 7,638                          | 29.6 | 4,506                          | 17.5 | 66,438       | 70.7 | 3,624        | 3.9 |
| <b>NEW YORK*</b>                                                                | 146,663             | 7,653            | 5.2  | 138,887           | 94.7 | 26,073                     | 17.8 | 991                            | 3.8 | 3,361                          | 12.9 | 1,867                          | 7.2  | 19,852                         | 76.1 | 115,555      | 78.8 | 8,588        | 5.9 |
| <b>QUEENS*</b>                                                                  | 147,949             | 89,485           | 60.5 | 58,318            | 39.4 | 71,321                     | 48.2 | 0                              | 0.0 | 3,267                          | 4.6  | 16,097                         | 22.6 | 51,957                         | 72.9 | 73,879       | 49.9 | 4,552        | 3.1 |
| <b>TOTAL AA**</b>                                                               | 388,614             | 155,575          | 40.0 | 232,695           | 59.9 | 123,217                    | 31.7 | 1,528                          | 1.2 | 19,769                         | 16.0 | 25,602                         | 20.8 | 76,315                         | 61.9 | 255,872      | 65.8 | 16,764       | 4.3 |

\* Partial County

\*\* Assessment Area

### CHART # 3

| <b>UNITED ORIENT BANK<br/>ASSESSMENT AREA BUSINESS DEMOGRAPHICS BY COUNTY</b> |                         |                                                |      |                                                  |     |                                         |      |                                           |      |                                     |      |
|-------------------------------------------------------------------------------|-------------------------|------------------------------------------------|------|--------------------------------------------------|-----|-----------------------------------------|------|-------------------------------------------|------|-------------------------------------|------|
| <b>COUNTY</b>                                                                 | Number of<br>Businesses | Businesses with Rev.<br>of \$1 million or less |      | Businesses with Rev.<br>of more than \$1 million |     | Businesses with no<br>revenues reported |      | Businesses with less<br>than 50 employees |      | Operating from a<br>single location |      |
|                                                                               |                         | #                                              | %    | #                                                | %   | #                                       | %    | #                                         | %    | #                                   | %    |
| <b>KINGS*</b>                                                                 | 14,334                  | 9,463                                          | 66.0 | 739                                              | 5.2 | 4,132                                   | 28.8 | 10,605                                    | 74.0 | 13,554                              | 94.3 |
| <b>NEW YORK*</b>                                                              | 60,878                  | 35,746                                         | 58.7 | 4,706                                            | 7.7 | 20,426                                  | 33.6 | 42,306                                    | 69.5 | 54,207                              | 89.0 |
| <b>QUEENS*</b>                                                                | 20,836                  | 13,340                                         | 64.0 | 689                                              | 3.3 | 6,807                                   | 32.7 | 14,785                                    | 71.0 | 19,741                              | 94.2 |
| <b>TOTAL AA**</b>                                                             | 96,048                  | 58,549                                         | 61.0 | 6,134                                            | 6.4 | 31,365                                  | 32.7 | 67,696                                    | 70.5 | 87,502                              | 91.1 |

\* Partial County

\*\* Assessment Area

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

*The bank's performance was evaluated according to the small bank performance criteria, which include the following: (1) Loan-to-Deposit Ratio and other Lending-Related Activities; (2) Assessment Area Concentration; (3) Geographic Distribution of Loans; (4) Distribution by Borrower Characteristics; and (5) Action Taken in Response to Written Complaints Regarding CRA.*

The evaluation period covered the calendar years 2002 and 2003. Examiners considered HMDA-reportable and small business lending, in evaluating factors (2), (3) and (4), as noted above. The bank's small business loan originations received greater weight in this evaluation.

- **Loan-to-Deposit Ratio Analysis: "Satisfactory"**

The bank's LTD ratio is reasonable considering the bank's size, financial condition and the credit needs of the assessment area.

The bank's average LTD ratio for the prior eight quarters ending December 31 2003 was 70.31%, which was comparable to the peer group's average of 74.94%. The peer group consists of commercial banks with total assets between \$50 million and \$100 million. These average ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") prepared by the Federal Deposit Insurance Corporation ("FDIC"). As shown in the table below, the bank's LTD ratios represent a gradual improvement from 63.47% as of March 31, 2002 to 81.51% as of December 31, 2003.

| <b>Loan-to-Deposit Ratios</b> |         |         |         |          |         |         |         |          |             |
|-------------------------------|---------|---------|---------|----------|---------|---------|---------|----------|-------------|
|                               | 3/31/02 | 6/30/02 | 9/30/02 | 12/31/02 | 3/31/03 | 6/30/03 | 9/30/03 | 12/31/03 | Average LTD |
| Bank                          | 63.47   | 65.81   | 67.55   | 68.82    | 69.04   | 72.59   | 73.71   | 81.51    | 70.31       |
| Peer                          | 75.07   | 76.47   | 75.13   | 74.62    | 72.75   | 74.11   | 75.37   | 75.97    | 74.94       |

- **Assessment Area Concentration: "Satisfactory"**

The bank originated a majority of its loans within the assessment areas. The distribution of the bank's loans inside and outside of the assessment areas is shown in the table below.

| <b>Distribution of Loans Inside and Outside of the Assessment Area</b> |                        |             |                |             |              |                                        |             |                |             |               |
|------------------------------------------------------------------------|------------------------|-------------|----------------|-------------|--------------|----------------------------------------|-------------|----------------|-------------|---------------|
| <b>Loan Type</b>                                                       | <b>Number of Loans</b> |             |                |             |              | <b>Loans in Dollars (in thousands)</b> |             |                |             |               |
|                                                                        | <b>Inside</b>          |             | <b>Outside</b> |             | <b>Total</b> | <b>Inside</b>                          |             | <b>Outside</b> |             | <b>Total</b>  |
|                                                                        | <b>#</b>               | <b>%</b>    | <b>#</b>       | <b>%</b>    |              | <b>\$</b>                              | <b>%</b>    | <b>\$</b>      | <b>%</b>    |               |
| Small business                                                         |                        |             |                |             |              |                                        |             |                |             |               |
| 2002                                                                   | 27                     | 56.3        | 21             | 43.7        | 48           | 9,477                                  | 59.6        | 6,422          | 40.4        | 15,899        |
| 2003                                                                   | 29                     | 53.7        | 25             | 46.3        | 54           | 8,501                                  | 53.0        | 7,528          | 47.0        | 16,029        |
| <b>Subtotal</b>                                                        | <b>56</b>              | <b>54.9</b> | <b>46</b>      | <b>45.1</b> | <b>102</b>   | <b>17,978</b>                          | <b>56.3</b> | <b>13,950</b>  | <b>43.7</b> | <b>31,928</b> |
| Residential Mortgages                                                  |                        |             |                |             |              |                                        |             |                |             |               |
| 2002                                                                   | 0                      | 0.0         | 4              | 100.0       | 4            | 0                                      | 0.0         | 812            | 100.0       | 812           |
| 2003                                                                   | 14                     | 48.3        | 15             | 51.7        | 29           | 6,818                                  | 54.4        | 5,722          | 45.6        | 12,540        |
| <b>Subtotal</b>                                                        | <b>14</b>              | <b>42.4</b> | <b>19</b>      | <b>57.6</b> | <b>33</b>    | <b>6,818</b>                           | <b>51.1</b> | <b>6,534</b>   | <b>48.9</b> | <b>13,352</b> |
| <b>Total</b>                                                           | <b>70</b>              | <b>51.9</b> | <b>65</b>      | <b>48.1</b> | <b>135</b>   | <b>24,796</b>                          | <b>54.8</b> | <b>20,484</b>  | <b>45.2</b> | <b>45,280</b> |

### Small Business Loans

During the evaluation period, when measured by the number of loans made, 56 (54.9%) small business loans were originated within its assessment areas. When measured by dollars, approximately \$18 million (56.3%) of small business loans were made to businesses within the bank's assessment areas. In 2003, the percentage of small business loans originated inside the assessment area declined modestly by both number and dollar amount.

### Residential Mortgages

In 2002, the bank did not originate any residential loans in its assessment area. In 2003, the bank made 14 loans (42.4%), totaling \$6.8 million (51.1%), within its assessment areas. It is recognized that, in 2002, the bank's principal assessment area (New York County) had limited residential mortgage lending opportunities.

- **Geographic Distribution of Loans: "Outstanding"**

The geographic distribution of loans reflects excellent dispersion among census tracts of different income levels.

### HMDA Loans

The geographic distribution of HMDA related loans reflects excellent dispersion among census tracts of different income levels. UOB did not originate any HMDA loans in 2002,

but originated 14 loans in 2003. Due to the limited lending volume, the HMDA loans were given less weight in assessing the lending performance.

The following chart provides a summary of the bank's HMDA related lending distribution during the evaluation period:

| Distribution of HMDA-reportable Loans by Geographic Income Level* |      |   |      |   |           |              |              |              |
|-------------------------------------------------------------------|------|---|------|---|-----------|--------------|--------------|--------------|
| Geography<br>Income Level                                         | Bank |   |      |   |           |              |              |              |
|                                                                   | 2002 |   |      |   | 2003      |              |              |              |
|                                                                   | #    | % | \$** | % | #         | %            | \$**         | %            |
| Low                                                               |      |   |      |   | 5         | 35.7         | 2,540        | 37.3         |
| Moderate                                                          |      |   |      |   | 7         | 50.0         | 2,738        | 40.2         |
| Middle                                                            |      |   |      |   | 1         | 7.1          | 1,150        | 16.9         |
| Upper                                                             |      |   |      |   | 1         | 7.1          | 390          | 5.7          |
| NA                                                                |      |   |      |   | 0         | 0.0          | 0            | 0.0          |
| <b>Total</b>                                                      |      |   |      |   | <b>14</b> | <b>100.0</b> | <b>6,818</b> | <b>100.0</b> |

\* Geography income level for year 2002 is based upon 1990 Census data, and for year 2003 which is based upon 2000 Census data, on median family income figure for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA median, moderate-income is 50% to <80% of the MSA median income, middle-income is 80% to <120%, and upper-income is at least 120%.

\*\* In thousands.

The bank had an excellent geographic distribution of its HMDA-reportable loans among the different census tract categories, especially its penetration of LMI areas when compared to the demographic data.

In 2003, the bank originated 14 HMDA-reportable loans totaling \$6.8 million, of which 12 loans (85.7%) totaling \$5.3 million (77.5%) were extended in LMI geographies. Refer to the performance context, the bank's ratios were significantly higher than the bank's assessment area LMI census tracts ratio of 34.8% and the assessment area owner-occupied housing units in LMI census tracts ratio of 17.3%.

### Small Business Loans

The bank's geographic distribution of small business loans reflects excellent dispersion among census tracts of different income levels.

The following chart provides a summary of the bank's small business lending distribution during the evaluation period:

| Distribution of Small Business Loans by Geographic Income Level |           |              |              |              |            |              |               |              |
|-----------------------------------------------------------------|-----------|--------------|--------------|--------------|------------|--------------|---------------|--------------|
| Year 2002                                                       |           |              |              |              |            |              |               |              |
| Geography<br>Income Level                                       | Bank      |              |              |              | Peers      |              |               |              |
|                                                                 | #         | %            | \$*          | %            | #          | %            | \$*           | %            |
| Low                                                             | 2         | 7.4          | 1,100        | 11.6         | 0          | 0.0          | 0             | 0.0          |
| Moderate                                                        | 14        | 51.9         | 5,078        | 53.6         | 23         | 9.1          | 3,860         | 11.0         |
| Middle                                                          | 2         | 7.4          | 184          | 1.9          | 44         | 17.4         | 6,026         | 17.1         |
| Upper                                                           | 9         | 33.3         | 3,115        | 32.9         | 174        | 68.8         | 23,602        | 67.0         |
| NA                                                              | 0         | 0.0          | 0            | 0.0          | 12         | 4.7          | 1,750         | 5.0          |
| <b>Total</b>                                                    | <b>27</b> | <b>100.0</b> | <b>9,477</b> | <b>100.0</b> | <b>253</b> | <b>100.0</b> | <b>35,238</b> | <b>100.0</b> |
| Year 2003                                                       |           |              |              |              |            |              |               |              |
| Geography<br>Income Level                                       | Bank      |              |              |              | Peers      |              |               |              |
|                                                                 | #         | %            | \$           | %            | #          | %            | \$            | %            |
| Low                                                             | 8         | 27.6         | 2,005        | 23.6         | 0          | 0.0          | 0             | 0.0          |
| Moderate                                                        | 13        | 44.8         | 4,553        | 53.6         | 21         | 13.1         | 558           | 5.8          |
| Middle                                                          | 4         | 13.8         | 1,080        | 12.7         | 43         | 26.9         | 3,201         | 33.1         |
| Upper                                                           | 4         | 13.8         | 863          | 10.2         | 94         | 58.8         | 5,104         | 52.7         |
| NA                                                              | 0         | 0.0          | 0            | 0.0          | 2          | 1.3          | 820           | 8.5          |
| <b>Total</b>                                                    | <b>29</b> | <b>100.0</b> | <b>8,501</b> | <b>100.0</b> | <b>160</b> | <b>100.0</b> | <b>9,683</b>  | <b>100.0</b> |

\* In thousands

\*\* Peers data for 2002 are based on Country Bank and Woori America Bank; for 2003, it was based on Woori America Bank only.

In 2002, the bank originated 27 small business loans totaling \$9.5 million, of which 16 (59.3%) loans totaling \$6.2 million (65.2%) were extended in LMI geographies. The bank's LMI penetration ratios were well above the corresponding peer's 9.1% and 11%.

In 2003, the bank originated 29 small business loans totaling \$8.5 million, of which 21 (72.4%) loans totaling \$6.6 million (77.2%) were extended in LMI geographies. The bank's LMI ratios remained well above the corresponding peer's 13.1% and 5.8%.

- **Distribution by Borrower Characteristics: "Satisfactory"**

The distribution of loans based on borrower characteristics reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

#### HMDA Loans

The bank's HMDA-related lending distribution based on borrower characteristics reflects marginally reasonable penetration among individuals of different income levels.

The following chart provides a summary of the bank's HMDA lending distribution during the evaluation period:

| Distribution of HMDA-reportable Loans by Borrower Income Level* |      |   |      |   |      |       |       |       |
|-----------------------------------------------------------------|------|---|------|---|------|-------|-------|-------|
| Borrower<br>Income Level                                        | Bank |   |      |   |      |       |       |       |
|                                                                 | 2002 |   |      |   | 2003 |       |       |       |
|                                                                 | #    | % | \$** | % | #    | %     | \$**  | %     |
| Low                                                             |      |   |      |   | 0    | 0.0   | 0     | 0.0   |
| Moderate                                                        |      |   |      |   | 1    | 16.7  | 390   | 19.5  |
| Middle                                                          |      |   |      |   | 1    | 16.7  | 172   | 8.6   |
| Upper                                                           |      |   |      |   | 4    | 66.7  | 1,441 | 71.9  |
| <b>Total</b>                                                    |      |   |      |   | 6    | 100.0 | 2,003 | 100.0 |

\* Borrower income level is based upon the Department of Housing and Urban Development's annual estimate of median family income ("MFI") figure for the MSA of the mortgaged property. Low-income is defined as <50% of the MSA MFI, moderate-income is 50% to <80%, middle-income is 80% to <120%, and upper-income is at least 120%. Within this table, the loan type excludes multi-family loans, of which the applicant income was not available.

\*\* In thousands.

The assessment area penetration among individuals of different income levels for HMDA-reportable loans is considered marginally reasonable, especially among LMI individuals.

In 2003, the bank originated six 1-4 family mortgage loans, of which one (16.7%) totaling 390 thousand (19.5%) was extended to a moderate-income borrower. This ratio was significantly below the ratio of LMI family within the assessment area, 41%.

### Small Business Loans

The bank's small business lending distribution based on borrower characteristics reflects reasonable penetration among businesses of different sizes.

In 2002, the bank originated 16 (59.3%) small business loans totaling \$5.5 million (57.7%) to small businesses with gross annual revenues of \$1 million or less. These ratios were somewhat below the corresponding peers ratios of 78.7% and 71.2%. However, as shown in the table below, if loans to businesses with unknown revenues are removed, the bank's ratios improve to 88.9% by number, and 93.5% by dollar amount; which are comparable to the peer's corresponding ratios of 83.6% and 71.9%.

In 2003, the bank originated 20 (69%) small business loans totaling \$6 million (70.8%) to small businesses in its assessment area. The bank's penetration ratios were lower than the peer's ratios of 73.8% by number volume, and 76.8% by dollar volume. Again, if loans to businesses with unknown revenues are removed, the bank's ratios improve to 87% by number and 88.2% by dollar amount exceeding the peer's corresponding ratios of 80.8% and 79.3%.

| Distribution of Small Business Loans by Business Revenue Size<br>(Excluding Loans to Businesses with Unknown Revenues) |           |              |              |              |            |              |               |              |
|------------------------------------------------------------------------------------------------------------------------|-----------|--------------|--------------|--------------|------------|--------------|---------------|--------------|
| Year 2002                                                                                                              |           |              |              |              |            |              |               |              |
| Revenue Size                                                                                                           | Bank      |              |              |              | Peers      |              |               |              |
|                                                                                                                        | #         | %            | \$           | %            | #          | %            | \$            | %            |
| \$1million or less                                                                                                     | 16        | 88.9         | 5,469        | 93.5         | 199        | 83.6         | 24,203        | 71.9         |
| Over \$1 million                                                                                                       | 2         | 11.1         | 380          | 6.5          | 39         | 16.4         | 9,479         | 28.1         |
| <b>Total</b>                                                                                                           | <b>18</b> | <b>100.0</b> | <b>5,849</b> | <b>100.0</b> | <b>238</b> | <b>100.0</b> | <b>33,682</b> | <b>100.0</b> |
| Year 2003                                                                                                              |           |              |              |              |            |              |               |              |
| Revenue Size                                                                                                           | Bank      |              |              |              | Peers      |              |               |              |
|                                                                                                                        | #         | %            | \$           | %            | #          | %            | \$            | %            |
| \$1million or less                                                                                                     | 20        | 87.0         | 6,018        | 88.2         | 118        | 80.8         | 7,433         | 79.3         |
| Over \$1 million                                                                                                       | 3         | 13.0         | 803          | 11.8         | 28         | 19.2         | 1,944         | 20.7         |
| <b>Total</b>                                                                                                           | <b>23</b> | <b>100.0</b> | <b>6,821</b> | <b>100.0</b> | <b>146</b> | <b>100.0</b> | <b>9,377</b>  | <b>100.0</b> |

- **Action Taken In Response to Written Complaints With Respect to CRA**

Since the latest CRA evaluation on December 31, 2001, neither the bank nor the New York State Banking Department has received any written complaints regarding the bank's CRA performance.

- **Discrimination and other Illegal Practices**

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

Examiners noted no practices that were intended to discourage applications for the types of credit offered by the institution.

**Evidence of prohibited discriminatory or other illegal credit practices.**

The most recent regulatory compliance and fair lending examinations conducted current with this evaluation indicate satisfactory adherence to anti-discrimination and other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

- **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 ascertains community credit needs through active involvement of board members and officers with local businesses and civic associations, religious and charitable organizations. Management directly interacts with community leaders and businessmen on a regular basis, and maintains a high level of participation in development and implementation projects promoting economic revitalization and growth of its community.

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**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 places its advertisement on journals of most local organizations and Chinese periodicals. In addition, other media such as radio and cable television are occasionally utilized to provide information regarding the bank's credit facilities to members of the local communities. Since the bank's business focuses more on commercial mortgages, the marketing efforts concentrate more on direct contact local businesses, many of which are small sole proprietorships.

**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.**

The bank's CRA activities are discussed at the Board's monthly meetings. The Board of Directors review the bank's overall CRA performance and CRA Statement annually.

- **Other Factors**

**Other factors that in the judgment 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.**

The bank has extended a \$50 thousand credit facility to a non-profit marketing consulting firm in August 1994 to start Asian American Business Development Center. The loan was delinquent in late 90's and the outstanding balance of \$25,330 was settled for \$15,000 in February 2003. This non-profit consulting firm's mission is to assist minority and small business owners to improve their management skills and to compete in the market place.

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## 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:

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- 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;

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- ❖ 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.

### **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 non-metropolitan median family income.

### **LMI Borrowers**

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In 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 non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

### **LMI Individuals/Persons**

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 non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

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**LMI Penetration Rate**

A number that depicts the percentage of a bank's total loans (for a particular product) that was extended to LMI geographies or borrowers. For example, an LMI penetration rate of 20% would indicate that the bank made 20 out of a total of 100 loans to LMI geographies or borrowers.

**Small Business Loans**

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