



**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, 2004

**Institution:** CHB America Bank  
330 Fifth Avenue  
New York, NY 10001

**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 CHB America Bank ("CHB") 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, 2004.

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 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 of small banking institutions are primarily based on a review of performance tests and standards described in Section 76.3 and detailed in Section 76.12 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 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 THE INSTITUTION'S PERFORMANCE

CHB 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 more than reasonable given the bank's size, financial condition and the credit needs of its assessment area. CHB's average LTD ratio was 96.2% for the eight consecutive calendar quarters ending December 31, 2004, which is well above the peer group's average of 81.6%.
- ***Assessment Area Concentration:*** The bank extended a substantial majority of loans within the assessment area. Specifically, CHB extended 100% of its small business loans in the assessment area during the evaluation period.
- ***Geographic Distribution of Loans:*** CHB's geographic distribution of loans reflects reasonable dispersion among census tracts of different income levels.

During the evaluation period, the bank extended 25.0% of its small business loans in LMI areas, which exceeded the market aggregate's LMI penetration rate of 18.6%.

- ***Distribution by Borrowers Characteristics:*** CHB's lending distribution in the assessment area reflects reasonable penetration among businesses of different revenue sizes.

During the evaluation period, CHB extended 52.0% of its small business loans to businesses with gross annual revenues of \$1 million or less, which compares favorably to the market aggregate's percentage of 39.0%.

- Neither CHB nor the New York State Banking Department received any complaints regarding the bank's CRA performance during the evaluation period.

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

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## **PERFORMANCE CONTEXT**

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

CHB America Bank, a wholly-owned subsidiary of Chohung Bank in the Republic of Korea ("CHBK"), was chartered by New York State in 1990 under the name "Chohung Bank of New York." In March 2003, Chohung Bank of New York merged with another subsidiary of CHBK -- California Chohung Bank ("CCHB") -- and changed its name to CHB America Bank. This merger was designed to provide greater efficiency for CHBK's operations in the United States.

CHBK is a subsidiary of Korea's largest financial holding company, the Shinhan Financial Group Co., Limited. The holding company reported total assets of \$138.6 billion as of December 31, 2004.

CHB is a multi-state bank headquartered in midtown Manhattan. CHB operates two branches in New York State (one in Manhattan and one in Queens) and one branch in Los Angeles County, California.

CHB supplements its retail banking offices in New York State with an automated teller machine ("ATM") at each of its two branches. These ATMs are available 24 hours a day and can access the NYCE, Quest, Plus, Cirrus, VISA and MasterCard networks.

As the Asian-American population in the New York metropolitan area has increased, it has expanded beyond New York City into surrounding states. While there are several hubs where ethnic Asian-American establishments are concentrated, businesses and residences continue to disperse throughout the area. CHB is one of many banks that serve this niche by focusing on serving the financial needs of Korean-Americans. Other examples of ethnic Asian-American banks in metropolitan New York include: Liberty Bank of New York; Woori America Bank; Nara Bank, N.A.; Chinese American Bank; United Orient Bank; Bank of East Asia; and, Abacus Federal Savings Bank.

On its Call Report for December 31, 2004, CHB reported total assets of \$351.5 million, including \$254.4 million in net loans and lease finance receivables. As of the same date, CHB also reported total deposits of \$293.7 million, resulting in a loan-to-deposit ratio of 86.6%.

According to the FDIC's most recent market share report for deposits, compiled as of June 30, 2004, CHB held a market share of 0.04% out of \$379.1 billion inside its market. This deposit market share placed CHB 63rd among 101 deposit-taking institutions in New York and Queens Counties.

The bank's asset size nearly doubled since the prior evaluation due to the merger mentioned above.

The following table summarizes CHB's lending portfolio based on Schedule RC-C of the bank's year-end Call Reports for calendar years 2002 through 2004:

<b>TOTAL LOANS OUTSTANDING</b>						
<b>LOAN TYPE</b>	<b>2002</b>		<b>2003</b>		<b>2004</b>	
	<b>\$000</b>	<b>%</b>	<b>\$000</b>	<b>%</b>	<b>\$000</b>	<b>%</b>
1-4 Residential Mortgage Loans	23,129	25.0	17,944	7.0	16,490	6.4
Commercial & Industrial Loans	20,776	22.4	62,468	24.2	52,084	20.2
Commercial Mortgage Loans	47,170	51.0	165,824	64.3	181,857	70.7
Multifamily Mortgages	0	0.0	8,310	3.2	4,691	1.8
Consumer Loans	1,466	1.6	2,574	1.0	1,312	0.5
Construction Loans	0	0.0	858	0.3	830	0.3
Other Loans	0	0.0	0	0.0	271	0.1
<b>Total Loans</b>	<b>92,541</b>	<b>100.0</b>	<b>257,978</b>	<b>100.0</b>	<b>257,535</b>	<b>100.0</b>

As illustrated in the table above, CHB is primarily a commercial lender, with over 90% of its loan portfolio in commercial mortgage loans and commercial/industrial loans.

CHB did not open or close any branches during the evaluation period.

As of 2004, the bank is a participating lender in the U.S. Small Business Administration's ("SBA") Basic 7(a) Loan Program. Through this program, CHB offers the agency's "SBA Express" and "Certified Development Company" loan products.

The Banking Department's prior examination of CHB was conducted as of December 31, 2002 and resulted in a rating of "2," reflecting the bank's "Satisfactory" record of responding to the credit needs of its assessment area.

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

**Assessment Area:**

CHB's New York State assessment area includes 11 full counties and has expanded significantly since the prior review. The bank's assessment area for the previous evaluation period only included New York and Queens Counties in their entirety.

The bank's assessment area now includes all eight counties in Metropolitan Division 35644.<sup>1</sup> The eight counties within MD 35644 are: Kings, Queens, New York, Bronx, Richmond, Westchester, Rockland, and Putnam Counties. The bank also includes MD 35004 -- Nassau and Suffolk Counties -- in its assessment area, as well as Orange County from Metropolitan Statistical Area 39100.

<sup>1</sup> Metropolitan Divisions (MDs) and Metropolitan Statistical Areas (MSAs) are defined by the U.S. Office of Management and Budget.

There are 3,179 census tracts in the assessment area, comprising: 341 low-income; 734 moderate-income; 1,121 middle-income; 905 upper-income; and, 78 zero-income tracts.

The following chart shows a county-by-county distribution of census tracts by income level within CHB's assessment area:

Distribution of Census Tracts within CHB's Assessment Area							
County	Zero	Low	Moderate	Middle	Upper	Total	LMI %
Kings	15	119	297	235	117	783	53.1
Bronx	14	132	98	65	46	355	64.8
New York	9	60	59	24	144	296	40.2
Queens	18	12	148	310	185	673	23.8
Richmond	2	3	11	29	65	110	12.7
Westchester	4	4	21	39	153	221	11.3
Rockland	0	2	2	9	45	58	6.9
Putnam	0	0	0	0	19	19	0.0
Nassau	8	2	20	178	69	277	7.9
Suffolk	8	2	64	197	49	320	20.6
Orange	0	5	14	35	13	67	28.4
<b>AA TOTAL</b>	<b>78</b>	<b>341</b>	<b>734</b>	<b>1,121</b>	<b>905</b>	<b>3,179</b>	<b>33.8</b>
<b>AA Tract Geo-code Pct.</b>	<b>2.5</b>	<b>10.7</b>	<b>23.1</b>	<b>35.3</b>	<b>28.5</b>	<b>100</b>	

The assessment area appears to be too large based upon the location of the bank's offices and its lending patterns; however, there is no evidence that LMI areas have been arbitrarily excluded from the assessment area.

The following chart details the 2004 and 2003 unemployment rates for New York State, particular MDs, areas and individuals counties:

Annual Unemployment Rates in Selected Geographic Areas						
YEAR	Bronx	Kings	New York	Queens	Richmond	Orange
2004	9.1	7.7	6.2	6.4	6.3	4.6
2003	10.4	9.0	7.5	7.4	7.3	4.7
	<b>New York City</b>					<b>Hudson Valley Region</b>
2004	7.1					4.5
2003	8.3					4.5
	<b>New York State</b>					
2004	5.8					
2003	6.4					
	<b>Putnam-Rockland-Westchester MSA</b>				<b>Nassau-Suffolk MD</b>	
2004	4.4				4.6	
2003	4.6				4.8	
	<b>Rockland</b>	<b>Putnam</b>	<b>Westchester</b>		<b>Nassau</b>	<b>Suffolk</b>
2004	4.4	3.9	4.5		4.5	4.7
2003	4.7	4.0	4.6		4.7	4.8

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Since CHB's business model focuses on commercial lending, residential lending was not evaluated during this review. During the prior evaluation, residential lending was included in the evaluation even though it comprised a small portion of the bank's portfolio.

In 2004, there were 869.4 thousand businesses in the bank's assessment area, and 21.7% of these businesses were located in LMI census tracts.

**Details of Assessment Area:**

Please refer to the following charts for business demographics and small business data pertaining to the 11 counties within CHB's assessment area:

*Chart # 1: Assessment Area Population*

*Chart # 2: Business Demographics*

*Chart # 3: Business Classifications*

CHART # 1

CHB AMERICA BANK ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY																									
COUNTY	Total Population	Age 65 and Over		Age 16 and Under		Median Family Income(MFI)	HUD MSA MFI	Total Households			Total HH below poverty level			Total Families		Low Income		Moderate Income		Middle Income		Upper Income		LMI families in LMI tracts	
	#	#	%	#	%	\$	\$	#	#	%	#	#	%	#	#	%	#	%	#	%	#	%	#	%	
BRONX	1,332,650	133,948	10.1	356,895	26.8	33,099	57,000	463,242	134,404	29.0	317,248	133,175	42.0	58,715	18.5	51,854	16.3	73,504	23.2	163,697	85.3				
KINGS	2,465,326	282,658	11.5	587,575	23.8	39,349	57,000	881,006	211,538	24.0	588,870	211,549	35.9	103,997	17.7	99,118	16.8	174,206	29.6	233,373	74.0				
NEW YORK	1,537,195	186,776	12.2	229,772	14.9	71,629	57,000	739,167	123,037	16.6	306,220	89,281	29.2	40,700	13.3	38,804	12.7	137,435	44.9	100,358	77.2				
QUEENS	2,229,379	283,042	12.7	453,930	20.4	49,815	57,000	782,646	110,462	14.1	542,804	123,580	22.8	94,780	17.5	108,206	19.9	216,238	39.8	84,937	38.9				
RICHMOND	443,728	51,433	11.6	100,675	22.7	64,545	57,000	156,416	15,815	10.1	114,667	17,182	15.0	13,876	12.1	20,679	18.0	62,930	54.9	5,893	19.0				
PUTNAM	95,745	9,147	9.6	22,467	23.5	82,440	57,000	32,742	1,306	4.0	25,415	1,669	6.6	2,230	8.8	3,878	15.3	17,638	69.4	-	-				
ROCKLAND	286,753	33,853	11.8	72,084	25.1	79,882	57,000	92,744	6,955	7.5	71,741	8,154	11.4	6,852	9.6	10,431	14.5	46,304	64.5	2,145	14.3				
WESTCHESTER	923,459	128,964	14.0	207,207	22.4	89,228	57,000	337,486	28,554	8.5	237,010	30,205	12.7	24,729	10.4	33,274	14.0	148,802	62.8	14,189	25.8				
NASSAU	1,334,544	200,841	15.0	293,128	22.0	85,752	87,400	447,803	23,537	5.3	349,694	58,413	16.7	59,669	17.1	80,471	23.0	151,141	43.2	17,024	14.4				
SUFFOLK	1,419,369	167,558	11.8	332,521	23.4	74,455	87,400	469,535	26,498	5.6	362,857	70,052	19.3	72,922	20.1	91,882	25.3	128,001	35.3	44,099	30.8				
ORANGE	341,367	35,185	10.3	88,699	26.0	61,313	70,700	114,809	10,461	9.1	85,028	17,610	20.7	15,465	18.2	20,475	24.1	31,478	37.0	11,861	35.9				
<b>TOTAL A/A*</b>	<b>12,409,515</b>	<b>1,513,405</b>	<b>12.2</b>	<b>2,744,953</b>	<b>22.1</b>	<b>60,381</b>	<b>62,998</b>	<b>4,517,596</b>	<b>692,567</b>	<b>15.3</b>	<b>3,001,554</b>	<b>760,870</b>	<b>25.3</b>	<b>493,935</b>	<b>16.5</b>	<b>559,072</b>	<b>18.6</b>	<b>1,187,677</b>	<b>39.6</b>	<b>677,576</b>	<b>54.0</b>				

\* Assessment Area

**CHART # 2**

**CHB AMERICA BANK  
BUSINESS DEMOGRAPHICS BY COUNTY (As of 2004)**

COUNTY AND ASSESSMENT AREA	Number of Businesses	Businesses with Rev. of \$1 million or less		Businesses with Revenues > \$1 million		Businesses with No Revenues Reported		Businesses with < 50 employees		Operating from a Single Location		Businesses Located in LMI Areas	
		#	%	#	%	#	%	#	%	#	%	#	%
BRONX	38,647	25,300	65.5	1,861	4.8	11,486	29.7	28,775	74.5	35,601	92.1	25,207	65.2
KINGS	108,481	71,831	66.2	5,359	4.9	31,291	28.8	80,804	74.5	101,940	94.0	58,013	53.5
NEW YORK	219,934	131,891	60.0	23,025	10.5	65,018	29.6	164,325	74.7	190,968	86.8	28,299	12.9
QUEENS	102,659	66,902	65.2	5,442	5.3	30,315	29.5	75,894	73.9	95,959	93.5	29,282	28.5
RICHMOND	23,027	15,535	67.5	894	3.9	6,598	28.7	17,470	75.9	21,724	94.3	1,114	4.8
PUTNAM	6,173	4,395	71.2	311	5.0	1,467	23.8	5,184	84.0	5,918	95.9	-	-
ROCKLAND	23,878	15,773	66.1	1,177	4.9	6,928	29.0	18,390	77.0	22,389	93.8	1,122	4.7
WESTCHESTER	76,247	51,018	66.9	4,683	6.1	20,546	26.9	60,079	78.8	70,460	92.4	8,199	10.8
NASSAU	126,042	82,492	65.4	7,203	5.7	36,347	28.8	95,607	75.9	118,453	94.0	8,298	6.6
SUFFOLK	121,633	80,707	66.4	7,389	6.1	33,537	27.6	96,025	78.9	114,803	94.4	23,894	19.6
ORANGE	22,712	15,144	66.7	1,123	4.9	6,445	28.4	18,655	82.1	20,766	91.4	5,431	23.9
<b>Total A/A</b>	<b>869,433</b>	<b>560,988</b>	<b>64.5</b>	<b>58,467</b>	<b>6.7</b>	<b>249,978</b>	<b>28.8</b>	<b>661,208</b>	<b>76.1</b>	<b>798,981</b>	<b>91.9</b>	<b>188,859</b>	<b>21.7</b>

\* Data is from New York State Labor Department

CHART # 3

CHB AMERICA BANK ASSESSMENT AREA STANDARD INDUSTRIAL CLASSIFICATION* BY COUNTY																			
COUNTY, MD or MSA	Total Establishments	Service Providers		Retail Trade		Finance, Insurance and Real Estate		Wholesale Trade		Construction		Manufacturing		Transportation & Communication		Non-Classifiable Establishments		Other Establishments	
	#	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
KINGS	108,807	40,264	37.0	22,688	20.9	8,727	8.0	6,510	6.0	6,101	5.6	4,173	3.8	4,647	4.3	14,834	13.6	863	0.8
BRONX	38,751	14,613	37.7	9,376	24.2	3,553	9.2	1,690	4.4	2,317	6.0	989	2.6	1,671	4.3	4,144	10.7	398	1.0
NEW YORK	220,439	94,320	42.8	33,571	15.2	25,030	11.4	15,852	7.2	4,096	1.9	11,698	5.3	7,175	3.3	26,539	12.0	2,158	1.0
QUEENS	103,066	35,978	34.9	20,315	19.7	8,328	8.1	5,882	5.7	7,745	7.5	3,372	3.3	6,096	5.9	14,488	14.1	862	0.8
RICHMOND	23,276	8,991	38.6	3,900	16.8	1,751	7.5	870	3.7	2,419	10.4	473	2.0	1,046	4.5	3,440	14.8	386	1.7
WESTCHESTER	77,584	32,562	42.0	11,266	14.5	7,560	9.7	3,166	4.1	6,214	8.0	2,465	3.2	2,770	3.6	9,653	12.4	1,928	2.5
ROCKLAND	24,317	9,920	40.8	3,491	14.4	1,992	8.2	1,179	4.8	1,929	7.9	794	3.3	811	3.3	3,568	14.7	633	2.6
PUTNAM	6,389	2,424	37.9	927	14.5	452	7.1	233	3.6	971	15.2	233	3.6	225	3.5	629	9.8	295	4.6
NASSAU	127,869	50,136	39.2	19,173	15.0	12,309	9.6	6,299	4.9	8,868	6.9	4,066	3.2	4,640	3.6	19,921	15.6	2,457	1.9
SUFFOLK	124,910	45,779	36.6	19,176	15.4	9,378	7.5	6,345	5.1	13,768	11.0	5,633	4.5	4,681	3.7	16,084	12.9	4,066	3.3
ORANGE	23,478	9,022	38.4	4,166	17.7	1,831	7.8	985	4.2	2,356	10.0	760	3.2	926	3.9	2,299	9.8	1,133	4.8
<b>TOTAL A/A**</b>	<b>878,886</b>	<b>344,009</b>	<b>39.1</b>	<b>148,049</b>	<b>16.8</b>	<b>80,911</b>	<b>9.2</b>	<b>49,011</b>	<b>5.6</b>	<b>56,784</b>	<b>6.5</b>	<b>34,656</b>	<b>3.9</b>	<b>34,688</b>	<b>3.9</b>	<b>115,599</b>	<b>13.2</b>	<b>15,179</b>	<b>1.7</b>

\*The Standard Industrial Classification codes are set by the Occupational Safety & Health Administration of the U.S. Department of Labor

\*\*Assessment Area

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## **PERFORMANCE STANDARDS AND ASSESSMENT FACTORS**

CHB'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 CRA-Related Complaints.

The assessment period includes calendar years 2003 and 2004. Examiners considered small business lending in evaluating factors (2), (3) and (4), as noted above.

CHB is a HMDA-reporting financial institution; however, an analysis of the bank's residential lending is not part of this evaluation because the bank only makes those loans as an accommodation to its commercial customers. During the evaluation period, CHB originated only six HMDA-reportable loans, totaling \$1.5 million, in the assessment area.

Statistics contained in this report were derived from several sources. Bank-specific loan information was submitted by CHB. Aggregate lending data for small business loans were obtained from the Federal Financial Institution Examination Council ("FFIEC") and PCi Corporation's CRA Wiz<sup>®</sup> software. Demographic information was taken from the 2003 and 2004 updates to the 2000 U.S. Census. Median family income levels for 2003 and 2004 were obtained from annual estimates generated by the U.S. Department of Housing and Urban Development ("HUD").

- **Loan-to-Deposit Ratio: "Outstanding"**

The bank's LTD ratio is excellent given the bank's size, financial condition and the credit needs of its assessment area.

The bank's average LTD ratio for the eight consecutive calendar quarters ending *December 31, 2004*, was 96.2%. By comparison, the average for the bank's peer group during the same time frame was 81.6%.<sup>1</sup> As shown in the table below, the bank's LTD ratio has exceeded its peer group's ratio in each quarter during the evaluation period.

<b>Loan-to-Deposit Ratios</b>									
	2003 (Q1)	2003 (Q2)	2003 (Q3)	2003 (Q4)	2004 (Q1)	2004 (Q2)	2004 (Q3)	2004 (Q4)	Average. LTD
Bank	102.2	103.6	101.0	95.1	97.4	89.1	94.3	86.6	96.2
Peer	77.0	77.3	81.0	81.8	82.2	83.6	84.5	85.0	81.6

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<sup>1</sup> CHB's peer group includes all insured commercial banks having assets between \$300 million and \$1 billion. These ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") prepared by the Federal Deposit Insurance Corporation ("FDIC").

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- **Assessment Area Concentration: “Outstanding”**

During the evaluation period, CHB originated 100% of its small business loans within the assessment area. This exceptional percentage is offset by the expanded size of the assessment area.

- **Geographic Distribution of Loans: “Satisfactory”**

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

During the evaluation period, CHB originated more than three quarters of its small business loans within New York and Queens Counties. Nassau, Suffolk and Kings Counties each accounted for an additional 5% of CHB’s lending. Taken together, the remaining six counties in CHB’s assessment area accounted for approximately 9.0% of the bank’s small business lending. Two of these six counties -- Putnam and Richmond -- did not see any originations during the evaluation period.

The following chart summarizes the bank’s distribution of small business loans by geographic income level:

Distribution of Small Business Loans by Geographic Income Level								
Geographic Income Level	2003							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	3	3.8	1,570	7.4	11,449	3.4	294,300	3.1
Moderate	19	24.4	6,352	30.1	47,591	14.2	1,302,583	13.7
Middle	23	29.5	5,783	27.4	116,792	34.9	3,063,776	32.3
Upper	31	39.7	6,608	31.3	156,631	46.8	4,696,379	49.5
N/A	2	2.6	800	3.8	2,495	0.7	132,912	1.4
<b>Total</b>	<b>78</b>	<b>100.0</b>	<b>21,113</b>	<b>100.0</b>	<b>334,958</b>	<b>100.0</b>	<b>9,489,950</b>	<b>100.0</b>
Geographic Income Level	2004							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	0	0.0	0	0.0	14,003	4.1	424,838	4.0
Moderate	16	21.6	5,115	18.7	51,941	15.4	1,596,411	15.2
Middle	23	31.1	6,277	22.9	118,563	35.1	3,346,492	31.8
Upper	34	45.9	15,437	56.4	150,805	44.7	5,035,056	47.8
N/A	1	1.4	525	1.9	2,239	0.7	133,206	1.3
<b>Total</b>	<b>74</b>	<b>100.0</b>	<b>27,354</b>	<b>100.0</b>	<b>337,551</b>	<b>100.0</b>	<b>10,536,003</b>	<b>100.0</b>

In 2003, CHB’s penetration rates in LMI census tracts were 28.2% based on number of loans and 37.5% based on dollar volume. These percentage are well above the aggregate’s penetration rates 17.6% and 16.8%, respectively.

In 2004, the bank outperformed the aggregate’s LMI penetration rate based on number of loans, but underperformed the aggregate’s LMI penetration rate based on dollar volume.

- **Distribution by Borrower Characteristics: “Satisfactory”**

The bank’s distribution of small business loans based on borrower characteristics reflects reasonable penetration among businesses of different revenue sizes.

The following chart shows the distribution of CHB’s small business loans based on borrower revenues:

<b>Distribution of Small Business Loans by Business Revenue Size</b>								
Revenue Size	<b>2003</b>							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
\$1million or less	39	50.0	7,158	33.9	131,338	39.2	3,785,391	39.9
Over \$1 million	38	48.7	13,855	65.6				
No Revenue Info	1	1.3	100	0.5				
<b>Total</b>	<b>78</b>	<b>100.0</b>	<b>21,113</b>	<b>100.0</b>	<b>334,958</b>	<b>100.0</b>	<b>9,489,950</b>	<b>100.0</b>
Revenue Size	<b>2004</b>							
	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
\$1million or less	40	54.1	10,898	39.8	130,723	38.7	4,082,411	38.7
Over \$1 million	34	45.9	16,456	60.2				
No Revenue Info	0	0.0	0	0.0				
<b>Total</b>	<b>74</b>	<b>100.0</b>	<b>27,354</b>	<b>100.0</b>	<b>337,551</b>	<b>100.0</b>	<b>10,536,003</b>	<b>100.0</b>

In 2003, CHB originated 50.0% (39) of its small business loans to businesses with gross annual revenue of \$1 million or less, exceeding the aggregate’s ratio of 39.2%. If measured by dollar volume rather than number of loans, CHB underperformed the aggregate by six percentage points in 2003.

In 2004, CHB’s lending to businesses with gross annual revenues of \$1 million or less increased on a percentage basis and in real terms. During 2004, CHB made 40 loans, totaling \$10.9 million, to businesses with revenues of \$1 million or less, compared to 39 loans for \$7.2 million the year before. In percentage terms, the bank’s lending to businesses with revenues of \$1 million or less increased from 50% based on number of loans and 33.9% based on dollar volume, to 54.1% and 39.8%, respectively.

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

Since the previous CRA evaluation of CHB, conducted as of December 31, 2002, neither the bank nor the New York State Banking Department has received any written complaints regarding the bank’s CRA performance.

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- **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 did not identify any 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 of CHB were conducted concurrent with this evaluation and indicated 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 institution's efforts to communicate with members of its community regarding the credit services being provided by the bank.**

CHB's board of directors, management and officers (including the CRA Officer) meet regularly with community groups and small business leaders to ascertain the area's credit needs. During the evaluation period, bank representatives met with organizations including: Bak Cho Hyeo, the Korean Association of Greater New York, KOR AME Association of Flushing and the New York Society of Korean Businessman Association.

The bank became involved in an SBA lending program as a response to local credit needs identified during CHB's interaction with the community.

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

The bank advertises its products and services in community-based newspapers and other media including: *Korean Times of New York, Korean Daily, Korean Tribute, Daily Sports Seoul, Jung Ang Daily* and *Radio Korea*.

**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 board of directors reviews and approves the bank's CRA Policy, CRA Statement and CRA Plan annually. The board also reviews the bank's CRA self-assessment prepared by the CRA officer and the CRA Performance Evaluation Report.

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- **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.**

None noted.

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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.

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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

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- 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.

### **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 2000 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”).

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**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.

**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**

Business loans with original principal amounts of \$1 million or less.