



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: Great Eastern Bank
235 Fifth Avenue
New York, NY 10017

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 Great Eastern Bank (“GEB”) 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 (“evaluation”) 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. Evaluations are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Section 76.12. 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.

OVERVIEW OF INSTITUTION'S PERFORMANCE

Great Eastern Bank 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:*** GEB's LTD ratio is reasonable in light of the bank's size, financial condition and the credit needs of its assessment area.
- ***Assessment Area Concentration:*** A majority of GEB's loans were originated within the assessment area. GEB's penetration rates for HMDA-reportable and small business loans increased to 79.4% by number of loans, and 86.6% by dollar volume, in 2004 from 65.6% and 68.9%, respectively, in 2003.
- ***Geographic Distribution of Loans:*** GEB's geographic distribution of loans reflects an excellent dispersion among census tracts of different income levels. GEB outperformed the market aggregate in 2003 and further improved its performance in 2004, increasing its LMI penetration rates to 72.8% by number of loans and 88.1% by dollar volume.
- ***Distribution by Borrowers Characteristics:*** GEB's distribution of loans in the assessment area reflects a reasonable penetration among individuals of different income levels and businesses of different revenue sizes. GEB's LMI penetration rate was 18.8% in 2003 and 27.3% in 2004.
- ***Community Development Test:*** GEB has demonstrated an adequate responsiveness to the community development needs of its assessment area. The bank extended community development loans to several non-profit organizations to support economic development within the assessment area. Furthermore, GEB made qualified investments, including grants, in nonprofit organizations established to support community services and provide affordable housing for LMI individuals.
- Neither GEB nor the New York State Banking Department received any complaints with respect to the bank's CRA performance during the evaluation period.

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

PERFORMANCE CONTEXT

Institution Profile

Chartered in 1986, Great Eastern Bank is a full-service commercial bank and a member of the Federal Reserve Bank of New York. The bank focuses on serving Chinese-Americans in New York City through its headquarters, located in midtown Manhattan, and three branches. The branch offices are located in Queens, Manhattan, and Brooklyn. Three of bank's four branches are located in moderate-income census tracts and one branch is in an upper-income census tract. The bank's offices are supplemented by an automated-teller-machine ("ATM") network that includes a bank-owned ATM in each office.

GEB offers a variety of lending products, including: one- to four-family residential and multi-family mortgages, commercial mortgages, commercial and industrial loans, home equity lines of credit, home improvement loans, construction loans, Small Business Administration ("SBA") loans, letters of credit and trade financing.

According to its year-end Call Report for calendar year 2004, GEB'S assets totaled \$306.6 million consisting primarily of net loans and leases of \$188.5 million (61.5%) and securities of \$71.9 million (23.5%). Deposits totaled \$273.6, resulting in a LTD ratio of 68.9%. Total assets increased by 10.6% during the evaluation period, from \$277.2 million in 2002.

According to the Federal Deposit Insurance Corporation's comparative deposit data, compiled as of June 30, 2004, GEB obtained a market share of 0.22%, or \$ 159.7 million out of \$73.2 billion, inside its market area. This level of deposits places GEB 35th among 60 other deposit-taking institutions with Manhattan, Brooklyn and Queens.

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

TOTAL LOANS OUTSTANDING						
LOAN TYPE	12/31/2002		12/31/2003		12/31/2004	
	\$*	%	\$*	%	\$*	%
1-4 Residential Mortgage Loans	7,032	4.3	6,435	3.7	5,961	3.1
Commercial & Industrial Loans	35,887	22.2	39,622	22.6	43,131	22.5
Commercial Mortgage Loans	110,176	68.1	118,753	67.8	136,886	71.4
Mutifamily Mortgages	522	0.3	434	0.2	340	0.2
Consumer Loans	1,536	0.9	1,065	0.6	844	0.4
Construction Loans	6,345	3.9	6,610	3.8	1,938	1.0
Loans to Depository Institutions		0.0	2,131	1.2	2,437	1.3
Other Loans	378	0.2	143	0.1	107	0.1
Total Loans	161,876	100.0	175,193	100.0	191,644	100.0

*in thousands.

As illustrated in the above chart, GEB is primarily a commercial and industrial lender, with 71.4% of its loan portfolio in commercial mortgage loans and 22.5% in commercial and industrial loans.

GEB is an approved Small Business Administration lender. GEB extended two SBA loans, totaling \$450 thousand, in 2004.

At its prior Performance Evaluation, conducted by the New York State Banking Department as of December 31, 2002, GEB received a rating of "2." This rating reflected the bank's "Satisfactory" record of helping to meet community credit needs.

Examiners noted no legal or financial impediments that would affect GEB's ability to meet the credit needs of its community.

Assessment Area

GEB's assessment area is comprised of Queens and Kings Counties in their entirety and a portion of New York County (Manhattan). Within Manhattan, the assessment area ("AA") includes all streets south of 57th Street.

While the census tracts within the AA remained the same during 2003 and 2004, there were changes in the distribution of the tracts in the assessment area due to updated Census data. The percentage of LMI individuals within the AA increased to 38.1% in 2004 from 32.5% in 2003.

The following table illustrates the distribution of census tracts within the AA on a county-by-county basis for 2003 and 2004:

Distribution of Census Tracts within the Assessment Area Following OMB Revisions in 2004								
County	Low #	Moderate #	Middle #	Upper #	N/A #	Total #	LMI # %	
Kings	119	297	235	117	15	783	416	53.1
Queens	12	148	310	185	18	673	160	23.8
New York*	13	16	13	85	4	131	29	22.1
Total	144	461	558	387	37	1,587	605	38.1
Distribution of Census Tracts within the Assessment Area (2003)								
County	Low #	Moderate #	Middle #	Upper #	N/A #	Total #	LMI # %	
Kings	100	271	250	147	15	783	371	47.4
Queens	12	107	298	238	18	673	119	17.7
New York*	9	17	15	86	4	131	26	19.8
Total	121	395	563	471	37	1,587	516	32.5

* Partial

Due to Census revisions in 2004, the AA experienced a decrease of approximately 17% in the number of low- and moderate-income tracts between 2003 and 2004. This decrease was accompanied by a corresponding increase in the number of upper-income tracts. While there was a significant change in LMI tracts during the review period, the number of middle-income tracts only decreased nominally after the revisions.

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

Details of Assessment Area

The composition of businesses within Great Eastern Bank's assessment area as of 2004 is summarized below:

Assessment Area Businesses	2004					
	Counties					
	Kings		New York		Queens	
	#	%	#	%	#	%
Agriculture, Forestry & Fishing	326	0.3	350	0.2	407	0.4
Mining	17	0.0	84	0.0	29	0.0
Construction	6,101	5.6	3,188	1.9	7,745	7.5
Manufacturing	4,173	3.8	10,557	6.1	3,372	3.3
Transportation, Communication	4,647	4.3	5,896	3.4	6,096	5.9
Wholesale Trade	6,510	6.0	14,471	8.4	5,882	5.7
Retail Trade	22,688	20.9	24,330	14.2	20,315	19.7
Finance, Insurance & Real Estate	8,727	8.0	20,073	11.7	8,328	8.1
Services	40,264	37.0	70,564	41.1	35,978	34.9
Public Administration	520	0.5	1,211	0.7	426	0.4
Non-Classifiable Establishments	14,834	13.6	21,053	12.3	14,488	14.1
Total Businesses	108,807	100.0	171,777	100.0	103,066	100.0

Additional demographic information, as identified below, can be found on the charts following this section of the report:

- Chart #1: Population and Income.
- Chart #2: Housing
- Chart #3: Business Demographics.

Unemployment Data

According to statistics from the New York State Department of Labor, the average unemployment rates during 2004 for the three counties within the AA were: Kings County 7.7%; New York County, 6.2%; and Queens County, 6.4%. These rates were higher than the statewide average rate of 5.8%, but lower (with the exception of Kings County) than the citywide average of 7.1%.

CHART # 1

ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY																					
COUNTY	Total Population**	Age over 65		Age under 16		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	
		#	%	#	%				#	%		#	%	#	%	#	%	#	%	#	%
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	68.6
NEW YORK**	573,858	72,454	12.6	55,647	9.7	78,697	57,000	304,468	40,042	13.2	102,041	23,485	23.0	12,003	11.8	12,750	12.5	53,803	52.7	22,077	6.5
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	22.8	108,206	20.0	216,238	39.8	84,937	25.0
TOTAL A/A*	5,268,563	638,154	12.1	1,097,152	20.82	47,208	57,000	1,968,120	362,042	18.4	1,233,715	358,614	29.2	210,780	29.1	220,074	17.8	444,247	17.8	340,387	100.0

* Assessment Area

**Partial city.

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CHART # 2

ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY																			
COUNTY	Total	1-4 family		Multifamily		Owner-Occupied		O-O Units in		O-O Units in		O-O Units in		O-O Units in		Rental		Vacant/	
	Housing Units	Units		Units		Units (O-O)		Low-income Tracts		Mod-income Tracts		Mid-income Tracts		Upp-income Tracts		Units		Boarded-up Units	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Kings	930,866	455,859	49.0	474,122	51.0	238,290	26.0	13,368	5.6	7,765,871	32.6	92,885	39.0	5,437,778	22.8	670,996	72.0	50,139	5.0
QUEENS	817,250	494,122	60.0	322,175	39.0	334,894	41.0	1,012	0.3	43,109	12.9	162,132	48.4	128,641	38.4	462,179	57.0	34,586	4.0
NEW YORK**	329,332	12,336	4.0	316,715	96.0	65,197	20.0	1,483	2.3	3,826	5.9	4,868	7.5	55,020	84.4	248,291	75.0	24,790	8.0
TOTAL A/A*	2,077,448	962,317	46.0	1,113,012	54.0	638,381	31.0	15,832	2.5	124,612	19.5	259,885	40.7	238,052	37.3	1,381,466	67.0	109,515	5.0

* Assessment Area

**Partial

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CHART # 3

BUSINESS DEMOGRAPHICS BY COUNTY											
COUNTY AND ASSESSMENT AREA(A/A)	Number of Businesses	Businesses with Rev. of \$1 million or less		Businesses with Rev. of more than \$1 million		Bussinesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location	
		#	%	#	%	#	%	#	%	#	%
KINGS	108807	72127	66.29	5368	4.93	31312	28.78	80804	74.26	101,940	93.69
NEW YORK**	171777	99295	57.8	20792	12.1	51690	30.09	126939	73.9	147,269	85.73
QUEENS	103066	67271	65.27	5460	5.3	30335	29.43	75894	73.65	95,959	93.1
Total A/A	383650	238693	62.22	31620	8.24	113337	29.54	283637	73.94	345,168	89.97

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PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

The Banking Department assesses an Intermediate Small Banking institution's CRA performance under the Lending and Community Development Tests. These two tests are established in Parts 76.11 and 76.12 of the General Regulations of the Banking Board. Lending Test performance is evaluated according to the following criteria: (1) Loan-to-deposit ratio; (2) Assessment area concentration; (3) Geographic distribution of loans; (4) The distribution of loans by borrower characteristics; and (5) Action taken in response to written, CRA-related complaints. The Community Development Test is evaluated according to the following criteria: (1) Community development loans; (2) Qualified investments; and, (3) Community development services.

The evaluation period included calendar years 2003 and 2004. Aggregated loan data were obtained from the Federal Financial Examination Council ("FFIEC") and PCi Corporation's CRA Wiz[®] software. The demographic data referenced in this evaluation were obtained from the 2000 U.S. Census. Updated median family income ("MFI") figures for 2003 and 2004 were obtained from the U.S. Department of Housing and Urban Development ("HUD").

Examiners considered HMDA-reportable and small business loans in evaluating factors (2), (3) and (4), of the Lending Test. Examiners placed greater emphasis on GEB's small business lending. The bank is subject to the reporting requirements of the Home Mortgage Disclosure Act ("HMDA").

I. Lending Test: "Satisfactory"

GEB's overall record of meeting the credit needs of its assessment area through its small business and HMDA-reportable lending activities is rated satisfactory.

Loan-to-Deposit Ratio: "Satisfactory"

GEB's LTD ratio is reasonable considering its size, financial condition and the credit needs of the assessment area. GEB's average LTD ratio for the 8 quarters since the prior evaluation dated December 31, 2002 was 66.93 %, which was below the peer group's average of 80.04 %.¹

¹ These ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") prepared by the Federal Deposit Insurance Corporation ("FDIC"). The bank is in peer group #3, which includes all insured commercial banks having assets between 300 million and 1 billion. The UBPR peer group is a national peer group and includes banks that may be operating in very different economic environments.

As shown in the table below, GEB's LTD ratios indicate an upward trend although they are below the peer ratios.

Loan-to-Deposit Ratios									
	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2004 Q1	2004 Q2	2004 Q3	2004 Q4	Average LTD
Bank	66.45	67.00	64.44	66.01	69.02	67.12	66.47	68.90	66.93
Peer	77.01	77.29	78.97	78.94	79.52	80.12	84.49	84.98	80.04

Assessment Area Concentration: "Satisfactory"

GEB originated majority of its loans within the assessment area. During the evaluation period, GEB originated 269 (65.6%) of its total HMDA-reportable and small business loans totaling \$91.8 million (68.9%) inside the assessment area.

GEB's penetration rates for HMDA reportable and small business loans declined by 21.8% in 2004 while total loans originated by the bank declined by only 8.4% in the same year.

The table below illustrates the distribution of loans originated inside and outside of the assessment area for 2003 and 2004.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Dollar Volume (\$000)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Small Business										
2003	135	69.2	60	30.8	195	41,277	72.0	16,084	28.0	57,361
2004	107	59.1	74	40.9	181	33,693	59.8	22,666	40.2	56,359
Subtotal	242	64.4	134	35.6	376	74,970	65.9	38,750	34.1	113,720
HMDA										
2003	16	84.2	3	15.8	19	6,092	85.9	996	14.1	7,088
2004	11	73.3	4	26.7	15	10,736	87.0	1,601	13.0	12,337
Subtotal	27	79.4	7	20.6	34	16,828	86.6	2,597	13.4	19,425
Total	269	65.6	141	34.4	410	91,798	68.9	41,347	31.1	133,145

Geographic Distribution of Loans: “Outstanding”

The geographic distribution of HMDA-reportable and small business loans reflects an excellent dispersion throughout the assessment area.

HMDA-reportable loans

During the evaluation period, GEB originated 44.4% (12) of its HMDA-reportable loans totaling \$10.9 million in LMI areas. In 2003, GEB’s LMI penetration rates of 25.0% in number and 23.3% in dollar volume were higher than the aggregate’s penetration rates of 19.5% and 19.3%, respectively. In 2004, GEB’s performance has further improved, substantially increasing its LMI penetration rates to 72.8% in number and 88.1% in dollar volume.

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

Distribution of HMDA-reportable Loans by Geography Income Level*								
Geographic Income Level	2003							
	Bank				Aggregate			
	#	%	\$**	%	#	%	\$**	%
Low	0	0.0		0.0	3,733	2.8	990,061	2.8
Moderate	4	25.0	1,420	23.3	21,974	16.7	5,739,546	16.5
Middle	6	37.5	2,759	45.3	47,216	35.8	11,045,892	31.8
Upper	6	37.5	1,913	31.4	58,822	44.6	16,928,325	48.7
n/a	0				225	0.2	61,592	0.2
Total	16	100.0	6,092	100.0	131,970	100.0	34,765,416	100.0
Geographic Income Level	2004							
	Bank				Aggregate			
	#	%	\$**	%	Not Available			
Low	3	27.3	2,800	26.1				
Moderate	5	45.5	6,654	62.0				
Middle	1	9.1	357	3.3				
Upper	2	18.2	925	8.6				
Total	11	100.0	10,736	100.0				

* Geography income level 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.

Small Business Loans

GEB’s geographic distribution of small business loans reflects an excellent dispersion among census tracts of different income levels. During the evaluation period, GEB originated a total of 242 small business loans totaling \$75.0 million within the assessment area, of which 43.6% totaling \$32.7 million were extended to borrowers in LMI areas.

In 2003, GEB outperformed the aggregate with 40% of its small business loans totaling \$17.9 million extended to borrowers in LMI geographies within the assessment area. GEB's LMI penetration rates increased to 44.8% in 2004 despite the decrease in the number and dollar volume of loans originated by the bank.

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

Distribution of Small Business Loans by Geography Income Level								
Geographic Income Level	2003							
	Bank				Aggregate			
	#	%	\$*	%	#	%	\$*	%
Low	8	5.9	3,773	9.1	5,157	3.6	128,482	3.0
Moderate	46	34.1	14,161	34.3	25,539	18.0	706,286	16.7
Middle	32	23.7	13,610	33.0	37,467	26.5	917,483	21.8
Upper	47	34.8	8,813	21.4	71,388	50.4	2,353,967	55.8
NA	2	1.5	920	2.2	2,091	1.5	111,999	2.7
Total	135	100.0	41,277	100.0	141,642	100.0	4,218,217	100.0
Geographic Income Level	2004							
	Bank				Aggregate			
	#	%	\$	%	not available			
Low	9	8.4	3,920	11.6				
Moderate	39	36.4	10,805	32.1				
Middle	26	24.3	8,976	26.6				
Upper	33	30.8	9,992	29.7				
Total	107	100.0	33,693	100.0				

* In thousands

Distribution by Borrower Characteristics: "Satisfactory"

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

HMDA-reportable loans

In 2003, GEB extended 18.8% of the total HMDA reportable loans to LMI borrowers in the assessment area, which was significantly higher than the aggregate's penetration rate of 7.1%. In 2004, the bank's penetration ratio increased significantly to 27.3%.

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

Distribution of HMDA-reportable Loans by Geography Income Level								
Borrower Income Level	2003							
	Bank				Aggregate			
	#	%	\$*	%	#	%	\$*	%
Low	2	12.5	323	5.3	1,436	1.1	172,337	0.5
Moderate	1	6.3	156	2.6	7,862	6.0	1,034,123	3.0
Middle	2	12.5	440	7.2	23,995	18.2	4,133,799	11.9
Upper	8	50.0	3,086	50.7	82,401	62.4	22,493,736	64.7
NA	3	18.8	2,087	34.3	16,276	12.3	6,931,421	19.9
Total	16	100.0	6,092	100.0	131,970	100.0	34,765,416	100.0
Borrower Income Level	2004							
	Bank				Aggregate			
	#	%	\$	%	Not Available			
Low	2	18.2	375	3.5				
Moderate	1	9.1	200	1.9				
Middle	0	0.0	0	0.0				
Upper	0		0					
N/A	8	72.7	10,161	94.6				
Total	11	100.0	10,736	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%.

** In thousands.

Small Business Loans

GEB's small business lending distribution based on borrower characteristics reflects a reasonable penetration among businesses of different revenue levels.

In 2003, GEB extended 65.2% of its business loans totaling \$21.5 million to businesses with revenues of \$1 million or less. GEB's performance exceeded the aggregate both in number and in dollar volume of 39.5% and 39.1%, respectively. Despite the decline in the GEB's ratio of loans to small businesses in 2004, they were still considered reasonable at 56.1% in number and 36.8% in dollar volume.

The following chart summarizes GEB's small business lending during the evaluation period based on borrower revenues:

Distribution of Small Business Loans by Business Revenue Size								
2003								
Revenue Size	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
\$1 million or less	88	65.2	21,452	52.0	55,981	39.5	1,647,251	39.1
Over \$1 million	47	34.8	19,825	48.0		0.0		0.0
Total	135	100.0	41,277	100.0	141,642	100.0	1,647,251	100.0
2004								
Revenue Size	Bank				Aggregate			
	#	%	\$000	%	Not Available			
\$1 million or less	60	56.1	12,400	36.8				
Over \$1 million	47	43.9	21,293	63.2				
Total	107	100.0	33,693	100.0				

II. Community Development Test: “Outstanding”

GEB demonstrates an excellent responsiveness to community development needs in the assessment area through its community development lending and qualified investments.

Community Development Loans:

GEB’S community development loans totaled \$1.1 million, of which \$800 thousand was new money. All community development loans were extended for the purpose of providing community development services.

Following is a brief description of GEB’s community development loans.

- In 1997, GEB extended a \$100 thousand line of credit an economic development organization in Jamaica, Queens. In 2001, this line was increased to \$300 thousand. The line was still outstanding as of evaluation date. The borrower promotes economic development in the Jamaica area of Queens through: (1) Small business technical assistance programs; (2) Administration of a New York State-designated Empire Zone; and (3) Administration of a revolving loan fund that finances the start-up of women- and minority-owned businesses.
- GEB funded a \$700 thousand participation in a loan consortium administered by Metropolitan National Bank. The consortium is providing a \$4.2 million loan for the construction of a 48-unit residential condominium building in a low-income area in the Bronx.
- GEB extended a \$100 thousand line of credit to a business development organization in November 2004. The organization promotes employment and economic development throughout New York by providing long-term loans to small and midsize businesses.

Qualified Investments:

GEB had qualified investments, including grants, of \$1.1 million within the assessment area during the evaluation period. Brief descriptions of GEB’s qualified investments are provided below:

- Lower East Side Peoples Federal Credit Union (“LESPFCU”) – On December 21, 2003, GEB renewed its \$50 thousand share certificate with LESPFCU. This credit union is a federally chartered and regulated nonprofit credit union serving primarily LMI people residing on Manhattan’s Lower East Side.
- Access Capital Strategies Community Investment Fund – (“ACSCIF.”) During the evaluation period, GEB invested \$1 million with ACSCIF. The fund invests in residential mortgage loans to LMI borrowers and loans secured by homes in LMI census tracts.

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- GEB provided grants totaling \$31 thousand to nonprofit organizations that create or rehabilitate affordable housing for LMI individuals and support community services.

Community Development Services

As a member of the Board of Directors of Greater Jamaica Development Corp., the president of GEB contributes his expertise in financing and community service to corporations serving the community's needs. Recently, he joined the organization's Audit Committee to further contribute his regulatory expertise in audit and compliance areas.

Action Taken In Response to Written, CRA-Related Complaints

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

Discrimination and other Illegal Practices

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 concurrently 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 banking institution's efforts to communicate with members of its community regarding the credit services being provided by the banking institution.*

The credit needs of the assessment area are ascertained through direct contact by GEB's directors, officers and employees with local businesses, community leaders, local government officials and religious leaders. GEB's directors and officers make frequent outreach visits to small business entities in order to promote its loan products and provide free consultation regarding small business operations and financial management.

GEB's CRA officer James P. Lee attended the following symposiums: Small Business Lending, Networking Group, FDIC Smart Alliance Partners Reception, and RIAC Banking Breakfast.

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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.*

GEB advertises its services periodically through the Daily News, Penny Saver, Queens Tribune and El Especial etc, in order to reach low and moderate income individuals or geographies. The schedule of advertisement is reviewed annually with the aim of promoting GEB products and services to all segments of local communities.

- *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 Board of Directors makes constant efforts to remain in contact with individuals, businesses and community groups to collect information about the community's credit needs and ascertain those needs are met, and to obtain their opinions and comments regarding the bank's CRA performance. The outcome of these activities is reviewed in board meetings.

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

GEB has been assisting several community based organizations through donations and grants.

GLOSSARY

Aggregate

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

Community Development

The term “community development” is defined to mean:

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

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

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

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

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

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

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;

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- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
 - Technical assistance activities to community development organizations such as:
 - Serving on a loan review committee;
 - Developing loan application and underwriting standards;
 - Developing loan processing systems;
 - Developing secondary market vehicles or programs;
 - Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
 - Furnishing financial services training for staff and management;
 - Contributing accounting/bookkeeping services; and
 - Assisting in fund raising, including soliciting or arranging investments.

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”).

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

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