



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, 2005

Institution: First American International Bank
5503 Eight Avenue
Brooklyn, NY 11220

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 First American International Bank ("FAIB") 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, 2005.

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.

OVERVIEW OF INSTITUTION'S PERFORMANCE

FAIB 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 and Other Lending-Related Activities:*** FAIB's LTD ratio is considered reasonable in light of its size, financial condition and the credit needs of its assessment area.
- ***Assessment Area Concentration:*** FAIB extended a substantial majority of loans in the assessment area. During the evaluation period, FAIB extended 86.9% of its HMDA-related loans and 91.7% of its MECAs inside the assessment area.
- ***Geographic Distribution of Loans:*** FAIB's geographic distribution of loans reflects an excellent dispersion among census tracts of different income levels. FAIB's LMI penetration rates for its HMDA-related loans were 48.0% and 52.3% in 2004 and 2005, respectively. For its MECAs, FAIB achieved an LMI penetration rate of 72.7% in 2005.
- ***Distribution by Borrowers Characteristics:*** FAIB's lending distribution in the assessment area reflects a marginally reasonable penetration among individuals of different income levels. Although FAIB's performance in HMDA-related lending was comparable with the aggregate in 2004, it deteriorated in 2005, decreasing its LMI penetration rate to 6.6% from 7.8% in 2005. During the evaluation period, no MECAs were extended to LMI borrowers.

Neither FAIB nor the New York State Banking Department received any complaints with respect to its 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's Profile:

Chartered in 1999, FAIB is a commercial bank headquartered in Brooklyn, New York. In 2004, First American International Corporation, FAIB's holding company was established. FAIB is regulated by the Federal Deposit Insurance Corporation ("FDIC").

As per the Federal Deposit Insurance Corporation's ("FDIC") Consolidated Report of Condition ("Call Report") as of December 31, 2005, FAIB reported total assets of \$308.0 million, of which \$185.3 million were loans and lease finance receivables. It also reported total deposits of \$261.2 million, resulting in a loan-to-deposit ratio of 70.9%. According to the latest available comparative deposit data dated June 30, 2005, FAIB obtained a market share of 0.05%, or \$217.8 million out of \$452.6 billion inside its market, ranking it 56th among 110 deposit-taking institutions in Kings, Queens, New York and Richmond County. While Richmond County is part of the assessment area, FAIB has no branch in this county.

The following is a summary of FAIB's lending portfolio, based on Schedule RC-C of its December 31, 2003, December 31, 2004 and December 31, 2005 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	12/31/2003		12/31/2004		12/31/2005	
	\$000	%	\$000	%	\$000	%
1-4 Residential Mortgage Loans	9,014	15.0	12,803	10.2	14,705	7.9
Commercial & Industrial Loans	565	0.9	1,041	0.8	726	0.4
Commercial Mortgage Loans	40,595	67.5	90,520	72.0	129,005	68.9
Multifamily Mortgages	8,727	14.5	12,648	10.1	16,515	8.8
Consumer Loans	416	0.7	560	0.4	593	0.3
Construction Loans	803	1.3	8,080	6.4	25,651	13.7
Total Gross Loans	60,120	100.0	125,652	100.0	187,195	100.0

As illustrated in the above chart, FAIB's loan portfolio consists primarily of commercial mortgage loans (68.9%) followed by construction loans (13.7%). The downtrend in the 1-4 residential and multifamily mortgage loans is attributed to rising real estate prices coupled with rising interest rates.

FAIB operates six banking offices, of which two including the main office are located in Kings County; three in New York County; and one in Queens County. Supplementing the banking offices is an Automated-Teller-Machine ("ATM") network for each of its six offices.

Three of the branches were opened after the prior evaluation: one in Kings County during the first quarter of 2004 and two in New York County during the second and third quarters of 2005. No branches were closed since the prior evaluation.

FAIB is a certified Community Development Financial Institution ("CDFI"). During the evaluation period, FAIB received awards totaling \$2 million through the CDFI's Bank Enterprise Award ("BEA") Program, for community development activities within economically distressed areas. Also, the recent review of FAIB's community support

statement by the Federal Housing Finance Board indicated that it demonstrated a commitment to community investment and service and meets the regulatory standard.

FAIB is an approved U.S. Small Business Administration (“SBA”) lender, but it did not originate SBA loans during the evaluation period. In addition, FAIB participates in the Federal National Mortgage Loan program.

FAIB 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, 2003.

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

Assessment Area:

FAIB’s assessment area is composed of Kings, Queens, New York, and Richmond Counties in their entirety. Richmond County was added to the assessment area during the evaluation period. With the addition of Richmond County, which included 110 census tracts the total census tracts increased to 1,862.

The following chart illustrates the distribution of census tracts inside the assessment area:

Distribution of Assessment Area Census Tracts by Income Level							
County	Zero	Low	Moderate	Middle	Upper	Total	LMI %
Kings	15	119	297	235	117	783	53.1
Queens	18	12	148	310	185	673	23.8
New York	9	60	59	24	144	296	40.2
Richmond	2	3	11	29	65	110	12.7
Total	44	194	515	598	511	1,862	38.1

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

Details of Assessment Area:

Chart #1: Shows population and income.

Chart #2: Shows housing demographics.

Unemployment Rates:

Kings County

According to Bureau of Labor Statistics of the U.S. Department of Labor, the annual unemployment rates for Kings County in 2004 and 2005 were 7.7% and 6.2%, respectively. These rates were above the state's 5.8% and 5.0% for the same years.

Queens County

According to Bureau of Labor Statistics of the U.S. Department of Labor, the annual unemployment rates for Queens County in 2004 and 2005 were 6.4% and 5.2%, respectively. These rates were above the state's 5.8% and 5.0% for the same years.

New York County

According to Bureau of Labor Statistics of the U.S. Department of Labor, the annual unemployment rates for New York County in 2004 and 2005 were 6.2% and 5.1%, respectively. These rates were above the state's rates 5.8% and 5.0% for the same years.

Richmond County

According to Bureau of Labor Statistics of the U.S. Department of Labor, the annual unemployment rates for Richmond County in 2004 and 2005 were 6.3% and 5.1%, respectively. These rates were above the state's rates 5.8% and 5.0% for the same years.

CHART # 1

ASSESSMENT AREA POPULATION AND INCOME CHARACTERISTICS BY COUNTY																					
COUNTY	Total Population	Age 65 and over		Age 16 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	
		#	%	#	%				#	%		#	%	#	%	#	%	#	%	#	%
Kings	2,465,326	282,658	11.5	587,575	23.8	39,349	57,650	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
Queens	2,229,379	283,042	12.7	453,930	20.4	49,815	57,650	782,646	110,462	14.0	542,804	123,580	22.8	94,780	17.5	108,206	19.9	216,238	39.8	84,937	38.9
New York	1,537,195	186,776	12.2	229,772	14.9	71,629	57,650	739,167	123,037	17.0	306,220	89,281	29.2	40,700	13.3	38,804	12.7	137,435	44.9	100,358	77.2
Richmond	443,728	51,433	11.6	100,675	22.7	64,545	57,650	156,416	15,815	10.0	114,667	17,182	15.0	13,876	12.1	20,679	18.0	62,930	54.9	5,893	19.0
TOTAL A/A*	6,675,628	803,909	12.0	1,371,952	20.6	51,236	57,650	2,559,235	460,852	18.0	1,552,561	441,592	28.4	253,353	16.3	266,807	17.2	590,809	38.1	424,561	61.1

* Assessment Area

CHART # 2

ASSESSMENT AREA HOUSING CHARACTERISTICS BY COUNTY																			
COUNTY	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 Upp-income Tracts		Rental Units		Vacant/ Boarded-up Units	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Kings	930,866	455,859	49.0	474,122	51.0	238,290	26.0	13,368	5.6	77,659	32.6	92,885	39.0	54,378	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	1,005	0.3	43,101	12.9	162,122	48.4	128,633	38.4	462,179	57.0	34,586	4.0
New York	798,144	28,178	4.0	769,392	96.0	148,695	19.0	3,881	2.6	12,773	8.6	7,108	4.8	124,934	84.0	616,053	77.0	59,500	7.0
Richmond	163,993	141,014	86.0	22,645	14.0	99,732	61.0	489	0.5	3,790	3.8	18,391	18.4	77,063	77.3	59,962	37.0	7,652	5.0
TOTAL A/A*	2,710,253	1,119,173	41.0	1,588,334	59.0	821,611	30.0	18,742	2.3	137,322	16.7	280,506	34.1	385,007	46.9	1,809,190	67.0	151,877	6.0

* Assessment Area

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

FAIB'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. Based on information by the bank, services were also considered.

The assessment period included calendar years 2004 and 2005. Examiners considered HMDA-reportable loans and MECAs¹ in evaluating factors (2), (3) and (4), as noted above.

The demographic data referred to in this report was obtained from the 2000 U.S. Census, with the updated median family income figures provided by HUD.

- **LTD Analysis and other Lending-Related Activities:** "Satisfactory"

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

FAIB's average LTD ratio for the eight quarters ending December 31, 2005 was 74.61%, which is below the peer group's average of 81.07%.²

It should be noted that FAIB is an approved FNMA seller and servicer of residential mortgage loans. During the evaluation period, FAIB sold approximately \$74 million in mortgage loans to FNMA. FAIB began selling loans with servicing rights retained beginning July 2004, whereas prior to this date, loans were sold together with the servicing rights.

The following table shows the details of the quarterly LTD ratios:

Loan-to-Deposit Ratios									
	3/31/04	6/30/04	9/30/04	12/31/04	3/31/05	6/30/05	9/30/05	12/31/05	Average LTD
Bank	68.68	75.51	83.63	84.41	68.87	71.27	73.55	70.93	74.61
Peer	79.57	80.13	81.29	81.61	80.78	81.76	81.77	81.65	81.07

- **Assessment Area Concentration:** "Outstanding"

¹ A MECA is a Modification, Extension and Consolidation Agreement. These agreements allow a lender and a borrower to modify the terms of an existing loan. A MECA does not involve lending additional money and is not reportable under the Home Mortgage Disclosure Act ("HMDA"), but achieves the same results as a loan refinancing and thus is treated in the same manner when evaluating an institution's CRA performance.

² These ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") as prepared by the FDIC. The bank's peer group 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.

FAIB bank originated a substantial majority of its loans within the assessment area. The table below shows the distribution of loans inside and outside the assessment area during the evaluation period:

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA										
2004	179	83.6	35	16.4	214	63,351	84.7	11,433	15.3	74,784
2005	153	86.9	23	13.1	176	56,675	90.3	6,098	9.7	62,773
Subtotal	332	85.1	58	14.9	390	120,026	87.3	17,531	12.7	137,557
MECA										
2004	5	71.4	2	28.6	7	1,539	64.4	850	35.6	2,389
2005	11	91.7	1	8.3	12	4,235	93.8	280	6.2	4,515
Subtotal	16	84.2	3	15.8	19	5,774	83.6	1,130	16.4	6,904
Total	348	85.1	61	14.9	409	125,800	87.1	18,661	12.9	144,461

HMDA-Related Loans

FAIB originated approximately 15% fewer HMDA-related loans in 2005 than in 2004, however, in 2005, HMDA-related loan originations inside the assessment area increased to 86.9% in 2005 from 83.6% in 2004.

MECAs

FAIB extended 91.7% by number and 93.8% by dollar volume of its MECAs inside the assessment area in 2005, compared to 71.4% and 64.4% in 2004, respectively.

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

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

HMDA- Related Loans

The geographic distribution of HMDA- related loans reflects an excellent dispersion among census tracts of different income levels.

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

Distribution of HMDA-related Loans by Geographic Income Level*								
Geography Income Level	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	11	6.1	4,469	7.1	5,875	4.3	2,002,664	4.6
Moderate	75	41.9	26,352	41.6	27,697	20.2	8,447,136	19.3
Middle	63	35.2	18,698	29.5	46,856	34.2	12,245,604	28.0
Upper	30	16.8	13,832	21.8	56,346	41.1	20,951,349	47.9
Income N/A					239	0.2	127,801	0.3
Total	179	100.0	63,351	100.0	137,013	100.0	43,774,554	100.0
Geography Income Level	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	14	9.2	8,265	14.6				
Moderate	66	43.1	25,541	45.1				
Middle	44	28.8	13,789	24.3				
Upper	29	19.0	9,080	16.0				
Total	153	100.0	56,675	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 2004, FAIB extended 48.0% by number and 48.7% by dollar volume of its HMDA-related loans originated within the assessment area in LMI areas. This performance is far superior to the aggregate's LMI penetration rate of 24.5% and 23.9%, respectively. While FAIB originated fewer HMDA-related loans in 2005, its penetration rates increased to 52.3% by number and 59.7% by dollar volume. This performance is excellent given the demographics of the assessment area.

MECAs

FAIB's geographic distribution of MECAs reflects an excellent dispersion among census tracts of different income levels.

The following chart provides a summary of FAIB's MECAs distribution during the evaluation period:

Distribution of MECAs by Geographic Income Level*								
Geography Income Level	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	0	0.0%	0	0.0%				
Moderate	1	20.0%	305	19.8%				
Middle	2	40.0%	682	44.3%				
Upper	2	40.0%	552	35.9%				
Total	5	100.0%	1,539	100.0%				
Geography Income Level	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	2	18.2%	650	15.4%				
Moderate	6	54.5%	2,250	53.1%				
Middle	3	27.3%	1,335	31.5%				
Upper	0	0.0%	0	0.0%				
Total	11	100.0%	4,235	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 2005, FAIB's total MECAs extended in the assessment area increased 54.5% to 11 from five in 2004. With a substantial increase in FAIB's MECAs, its LMI penetration rate increased significantly to 72.7% in 2005 from 20.0% in 2004.

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

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

HMDA-Reportable Loans

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

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

Distribution of HMDA-Related Loans by Borrower Income Level*								
Borrower Income Level	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	2	1.1	150	0.2	1,699	1.2	202,745	0.5
Moderate	12	6.7	1,470	2.4	9,262	6.8	1,361,421	3.1
Middle	30	16.8	6,225	9.8	26,872	19.6	5,402,930	12.3
Upper	87	48.6	29,834	47.1	85,920	62.7	29,065,391	66.4
Income N/A	48	26.8	25,672	40.5	13,260	9.7	7,742,067	17.7
Total	179	100.0	63,351	100.0	137,013	100.0	43,774,554	100.0

Borrower Income Level	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	1	0.7	80	0.1				
Moderate	9	5.9	1,243	2.2				
Middle	20	13.0	3,735	6.6				
Upper	67	43.8	23,144	40.8				
Income N/A	56	36.6	28,473	50.2				
Total	153	99.9	56,675	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 2004, FAIB's HMDA-related lending to LMI borrowers accounted for 7.8% by number and 2.6% by dollar volume. These ratios were below the aggregate's 8% and 3.6%, by number and dollar volume, respectively. In 2005, FAIB's LMI rates decreased 15.4% to 6.6% by number. Compared to the proportion of LMI families inside the assessment area, FAIB's performance was marginally reasonable during the evaluation period.

MECAs

The distribution of MECAs originated by FAIB based on borrower characteristics, reflects a poor penetration among individuals of different income.

The following chart provides a summary of FAIB's MECAs distribution during the evaluation period:

Distribution of MECAs by Borrower Income Level*								
Borrower Income Level	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low	0	0.0	0	0.0				
Moderate	0	0.0	0	0.0				
Middle	0	0.0	0	0.0				
Upper	5	100.0	1,539	100.0				
Total	5	100.0	1,539	100.0				
Borrower Income Level	Bank				Aggregate			
	#	%	\$000	%	#	%	\$000	%
Low		0.0	0	0.0				
Moderate		0.0	0	0.0				
Middle	2	18.2	400	9.4				
Upper	9	81.8	3,835	90.6				
Total	11	100.0	4,235	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%.

During the evaluation period, FAIB did not extend any MECAs to low- and moderate-income borrowers within the assessment area. In 2004, FAIB extended all of its MECAs to upper income borrowers. In 2005, 18.2% of FAIB's MECAs were extended to middle-income borrowers and 81.8% to upper-income borrowers. It should be noted that the number of MECAs originated were only 11, which represent a small portion of FAIB's loan portfolio in 2005.

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

Since the prior CRA evaluation conducted as of December 31, 2003, neither FAIB nor the New York State Banking Department has received any written complaints regarding the bank's CRA performance.

- **Services**

- FAIB has an ongoing education and assistance program targeted primarily to low and moderate- income residents in the assessment area. These residents are new immigrants who have language difficulties and are not familiar with the American banking system. Seminars are conducted in English, Cantonese, and Mandarin by multi-lingual officers of FAIB.

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- Credit counseling is provided at all branches and over the telephone and at FAIB's Mortgage Center and Secured Credit Card Department. This service includes post account opening counseling and assistance. Additionally, home mortgage customers receive guidance in completing applications through closing and on how to read and interpret statements including escrow accounts.
 - In its community outreach program, FAIB sponsors seminars in community organized events to educate customers regarding FAIB's deposit and credit services.
 - Through FAIB's secured credit card business, new immigrants have the opportunity to establish credit for their future borrowing needs. Once credit is established, customers are able to obtain credit from other sources such as unsecured credit cards from major issuers.
 - In 2005, FAIB introduced the new Home Equity Line of Credit/Loan products targeted mostly to LMI homeowners with limited knowledge regarding home equity.

- **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 concurrent regulatory compliance and fair lending examinations conducted 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.

FAIB ascertains the credit needs of its community through active involvement in local community activities and interaction with local community groups such as community planning boards, real estate organizations, senior citizen centers, and other civic and

fraternal organizations. Additionally, FAIB discusses CRA concerns at Advisory Group meetings held twice a year. The Advisory Group is a community board composed primarily of civic leaders, business professionals, and resident representatives of the local communities the bank serves.

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.

FAIB's marketing and advertising medium include newspapers, local community periodicals, local radio and TV as well as branch promotional programs such as gifts or giveaways for opening accounts. Furthermore, FAIB promotes its services by participating in community events organized by local social service organizations and by sponsoring street fairs.

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 review the annual progress report presented by the CRA Committee that includes recommendations to meet the credit needs of the community and to ensure compliance with the requirements of CRA.

- **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.

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;

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- ❖ 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.