



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

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

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GENERAL INFORMATION

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

United Orient Bank ("UOB") is rated "2," indicating a "Satisfactory," record of helping to meet community credit needs. This rating is based on the following factors:

- **Loan-to-Deposit ("LTD") Ratio and Other Lending-Related Activities: "Outstanding"**

UOB's LTD ratio is more than reasonable in light of UOB's size, financial condition and the credit needs of its assessment area. UOB's average LTD ratio for the eight quarters ended on the evaluation date was 90.2% compared to the peer group's average of 78.3%.

- **Assessment Area Concentration: "Needs-to-Improve"**

UOB extended less than a majority of its loans within its assessment area. UOB extended 39.1% of its small business loans and 55.3% of its HMDA-reportable loans in the assessment area during the evaluation period. This resulted in an overall assessment area concentration of only 46.4% compared with 51.9% during the prior evaluation period.

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

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

In 2004, UOB extended 76.9% of its small business loans LMI geographies and in 2005, this ratio increased to 80.0%.

UOB extended 75.1% of its HMDA-reportable loans in LMI geographies in 2004 compared with 21.7% by the aggregate. In 2005, UOB extended all of its HMDA-reportable loans in LMI geographies.

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

The distribution of UOB's loans reflects reasonable penetration among businesses of different revenue sizes. In 2004, UOB extended 76.9% of its small business loans to borrowers with revenues of \$1 million or less. In 2005, this ratio declined to 60.0%.

The number of HMDA-reportable 1-4 family loans originated by UOB within the assessment area is too small to conduct a meaningful analysis for this performance factor.

- Neither the bank 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 1980, UOB is a commercial bank located in New York County. In addition to its head office located at 10 Chatham Square, UOB has a branch office located at 185 Canal Street. Supplementing the Canal Street branch is an Automated-Teller-Machine ("ATM").

UOB closed its Flushing branch office in 2004.

As per its Consolidated Report of Condition (the Call Report) as of December 31, 2005, UOB reported total assets of \$78.8 million, of which \$65.1 million or 82.6% were net loans and leases. UOB also reported total deposits of \$67.3 million, resulting in a LTD ratio of 96.8%.

According to the latest available comparative deposit data dated June 30, 2005, UOB obtained a market share of 0.02%, or \$75.1 million out of \$384.2 billion in New York County, ranking it 71st among 94 deposit-taking institutions in the county.

UOB offers a wide variety of credit products including:

- Residential mortgages
- Personal loans
- Commercial real estate loans
- Commercial loans

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

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	2005		2004		2003	
	\$*	%	\$*	%	\$*	%
Commercial Mortgage Loans	26,538	40.0	28,465	40.0	25,783	38.8
Multifamily Mortgages	24,839	37.5	24,767	34.8	18,049	27.2
Commercial & Industrial Loans	7,068	10.7	8,028	11.3	9,744	14.7
1-4 Family Residential Mortgage Loans	5,372	8.1	8,930	12.6	11,201	16.9
Construction Loans	2,240	3.4	626	0.9	1,233	1.9
Consumer Loans	114	0.2	148	0.2	148	0.2
Other Loans	66	0.1	109	0.2	191	0.3
Total Gross Loans	66,237	100.0	71,073	100.0	66,349	100.0

*In thousands

As illustrated in the above chart, UOB's primary loan product is commercial mortgages. As of the evaluation date, this product accounted for approximately 40% of the loan portfolio, followed by multifamily mortgages at 37.5%. While the percentage of these two types of

loans has increased since the prior evaluation, the percentage of 1-4 family residential mortgage loans decreased to 8.1% in 2005 from 16.9% in 2003.

Participation by UOB in governmentally guaranteed or supported loan programs is limited to loans guaranteed by the United States Small Business Administration Development Company.

UOB competes with a large number of financial institutions within its assessment area, which range from mortgage bankers, credit unions and savings banks to large commercial banks such as Citibank, JP Morgan Chase and HSBC.

At its prior Performance Evaluation conducted by the New York State Banking Department as of December 31, 2003, UOB received a rating of "2," reflecting a satisfactory record of helping to meet community credit needs.

There were no known financial or legal impediments that adversely impacted UOB's ability to meet the credit needs of its community.

Assessment Area:

UOB's assessment area is comprised of 238 census tracts, which include the Chinatown areas in New York County, Kings County and Queens County. These areas are not contiguous to each other.

The part of New York County included in the assessment area consists of 63 census tracts primarily located south of 14th Street.

The part of Kings County included in the assessment area consists of 82 census tracts and is bounded by 2nd Avenue, 36th Street, 18th Avenue and 86th Street, which includes the Sunset Park area.

The part of Queens County included in the assessment area consists of 93 census tracts and is bounded by the Cross Island Parkway, Grand Central Parkway, Van Wyck Expressway and Whitestone Expressway.

The following table provides the geographic distribution of the census tracts in the assessment area:

Distribution of Census Tracts in the Assesment Area							
County	Zero	Low	Moderate	Middle	Upper	Total	LMI %
New York	1	12	12	4	34	63	38.1
Kings	1	6	46	20	9	82	63.4
Queens	3	0	15	33	42	93	16.1
Total	5	18	73	57	85	238	38.2

The assessment area appears reasonable based upon the location of UOB'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 characteristics.

Chart #3: Shows business demographics.

Although detailed data is provided in the above charts, highlights are given below:

According to 2000 census data, the assessment area consisted of a population of approximately 904 thousand. Of the 904 thousand persons, 13.5% were over the age of 65 and 18.1% were under the age of 16.

Of the 206 thousand families within the assessment area, 44.7% were LMI families, 17.0% were middle-income families and 38.3% were upper-income families. Approximately 59 thousand or 64.1% of the LMI families lived in LMI tracts.

According to Dun & Bradstreet's survey in 2005, there were almost 97 thousand business units in the assessment area. The largest segment of business units was the services sector, which accounted for 37.5% of the total. Retail trade accounted for 18.4%, non-classified establishments accounted for 16.8%, finance, insurance & real estate accounted for 10.5% and the wholesale trade accounted for 5.2%.

United Orient Bank

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*	275,491	33,485	12.2	67,852	24.6	36,514	57,650	90,477	21,527	23.8	64,345	23,910	37.2	11,351	17.6	10,599	16.5	18,485	28.7	28,321	80.3
New York*	291,944	35,419	12.1	34,784	11.9	59,752	57,650	138,141	24,236	17.5	54,848	17,642	32.2	8,027	14.6	7,396	13.5	21,783	39.7	21,098	82.2
Queens*	336,698	53,044	15.8	60,877	18.1	54,932	57,650	124,956	14,914	11.9	87,178	17,164	19.7	14,112	16.2	17,074	19.6	38,828	44.5	9,730	31.1
Total AA**	904,133	121,948	13.5	163,513	18.1	50,470	57,650	353,574	60,677	17.2	206,371	58,716	28.5	33,490	16.2	35,069	17.0	79,096	38.3	59,149	64.1

* Partial county

** 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*	94,002	58,437	62.2	35,490	37.8	25,823	27.5	1,485	5.8	13,332	51.6	7,380	28.6	3,626	14.0	66,438	70.7	3,624	3.9
New York*	146,663	7,653	5.2	138,887	94.7	26,073	17.8	1,476	5.7	3,538	13.6	1,205	4.6	19,852	76.1	115,555	78.8	8,588	5.9
Queens*	128,992	74,976	58.1	53,870	41.8	60,744	47.1	0	0.0	4,210	6.9	22,342	36.8	34,193	56.3	65,802	51.0	4,093	3.2
Total A/A **	369,657	141,066	38.2	228,247	61.7	112,640	30.5	2,962	2.6	21,086	18.7	30,931	27.5	57,672	51.2	247,795	67.0	16,305	4.4

* Partial County

** Assessment Area

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		Businesses with no revenues reported		Businesses with less than 50 employees		Operating from a single location	
		#	%	#	%	#	%	#	%	#	%
Kings*	15,796	10,407	65.9	761	4.8	4,628	29.3	11,686	74.0	15,003	95.0
New York*	60,678	35,881	59.1	4,571	7.5	20,226	33.3	42,630	70.3	54,336	89.5
Queens*	20,420	13,194	64.6	611	3.0	6,615	32.4	14,520	71.1	19,397	95.0
Total A/A	96,894	59,482	61.4	5,943	6.1	31,469	32.5	68,836	71.1	88,736	91.6

* Partial County

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

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

The evaluation period covers calendar years 2004 and 2005. Examiners considered small business and HMDA-reportable lending in evaluating factors (2), (3) and (4), as noted above. Aggregate data was used for 2004 HMDA-reportable loans, but was unavailable for 2005.

UOB is not part of the aggregate for small business lending, because small banks are not required to submit data on lending to small businesses. Therefore, comparisons to aggregate data for small business lending will not be used for this evaluation.

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 Ratio Analysis and Other Lending-Related Activities: "Outstanding"**

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

UOB's average LTD ratio for the eight consecutive quarters ended December 31, 2005 was 90.2%, which is well above the peer group's average of 78.3%. These ratios were calculated from the Uniform Bank Performance Report prepared by the Federal Deposit Insurance Corporation. The peer group consists of commercial banks with total assets between \$50 million and \$100 million.

Loan-to-Deposit Ratios									
	2004 (Q1)	2004 (Q2)	2004 (Q3)	2004 (Q4)	2005 (Q1)	2005 (Q2)	2005 (Q3)	2005 (Q4)	Average LTD
UOB	81.0	88.0	95.6	95.2	87.3	85.2	92.6	96.8	90.2
Peer	75.3	76.4	76.6	79.4	79.8	79.9	79.7	79.0	78.3

UOB's average LTD ratio for eight consecutive quarters improved by 28.3% since the prior evaluation, while the peer group's average LTD ratio improved only by 4.5%.

- **Assessment Area Concentration: “Needs-to-Improve”**

Overall, UOB originated a majority of its loans outside of the assessment area. On a combined basis, UOB originated only 46.4% of its small business and HMDA-reportable loans within the assessment area.

The following table shows the distribution of loans inside and outside of the assessment area:

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
	#	%	#	%		\$	%	\$	%	
Small Business										
2004	13	41.9	18	58.1	31	4,272	40.9	6,163	59.1	10,435
2005	5	33.3	10	66.7	15	960	24.1	3,020	75.9	3,980
Subtotal	18	39.1	28	60.9	46	5,232	36.3	9,183	63.7	14,415
HMDA-Reportable										
2004	16	61.5	10	38.5	26	8,055	70.1	3,428	29.9	11,483
2005	5	41.7	7	58.3	12	2,005	35.0	3,718	65.0	5,723
Subtotal	21	55.3	17	44.7	38	10,060	58.5	7,146	41.5	17,206
Total	39	46.4	45	53.6	84	15,292	48.4	16,329	51.6	31,621

Small Business Loans

In 2004, UOB originated 31 small business loans. Thirteen loans or 41.9% were originated within the assessment area. This ratio represents a decline from the prior evaluation, in which the concentration of UOB’s small business loan originations inside the assessment area was 56.3% and 53.7%, in 2002 and 2003, respectively.

In 2005, UOB’s small business loan originations decreased to 15, of which only one-third were within the assessment area.

HMDA-Reportable Loans

In 2004, of the 26 HMDA-reportable loans originated by UOB, 16 loans or 61.5% were originated within the assessment area. In 2005, the number of HMDA-reportable loans UOB originated declined to 12, of which 41.7% were originated within the assessment area.

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

The geographic distribution of UOB’s small business and HMDA-reportable loans within the assessment area reflects excellent dispersion among census tracts of different income levels.

Small Business Loans

The geographic distribution of UOB’s small business loans reflects excellent dispersion among census tracts of different income levels. The following chart provides a summary of the distribution of UOB’s small business loans during the evaluation period:

Distribution of UOB's Small Business Loans by Geography Income Level*								
Geography Income Level	2004				2005			
	#	%	\$**	%	#	%	\$**	%
Low	7	53.8	2,067	48.4	0	0.0	0	0.0
Moderate	3	23.1	925	21.7	4	80.0	911	94.9
Middle	0	0.0	0	0.0	1	20.0	49	5.1
Upper	3	23.1	1,280	30.0	0	0.0	0	0.0
Total	13	100.0	4,272	100.0	5	100.0	960	100.0

* Geography income level is based upon 2000 Census data on median family income figure for the MSA where the business is located. 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

In 2004, of the 13 small business loans originated, 10 loans or 76.9% were originated in LMI geographies. In 2005, four of UOB’s five small business loans were generated in LMI geographies, resulting in an LMI-area penetration of 80.0%. Although the ratio increased, the number of small business loans UOB originated in the assessment area in 2005 was relatively small.

HMDA-Reportable Loans

The geographic distribution of UOB’s HMDA-reportable loans reflects excellent dispersion among census tracts of different income levels. The following chart provides a summary of the distribution of UOB’s HMDA-reportable loans during the evaluation period:

Distribution of UOB's HMDA-Reportable Loans by Geography Income Level*								
Geography Income Level	2004							
	Bank				Aggregate			
	#	%	\$**	%	#	%	\$**	%
Low	7	43.8	3,835	47.6	387	2.9	199,132	3.5
Moderate	5	31.3	1,990	24.7	2,517	18.8	939,740	16.6
Middle	3	18.8	1,230	15.3	3,331	24.9	977,186	17.3
Upper	1	6.3	1,000	12.4	7,139	53.3	3,534,770	62.5
NA	0	0.0	0	0.0	13	0.1	4,773	0.1
Total	16	100.0	8,055	100.0	13,387	100.0	5,655,601	100.0
Geography Income Level	2005							
	Bank							
	#	%	\$**	%				
Low	2	40.0	400	20.0				
Moderate	3	60.0	1,605	80.0				
Middle	0	0.0	0	0.0				
Upper	0	0.0	0	0.0				
Total	5	100.0	2,005	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

In 2004, of the 16 HMDA-reportable loans originated by UOB, 12 or 75.1% were originated in LMI geographies compared to the market aggregate's 21.7%. In 2005, all five of UOB's HMDA-reportable loans were originated in LMI geographies.

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

The borrower characteristics of UOB's small business loans reflect reasonable penetration among businesses of different sizes. The HMDA-reportable loans originated by UOB during the evaluation period were almost entirely comprised of loans secured by multifamily residential units, and as such, were excluded from the analysis of borrower characteristics.

Small Business Loans

The following chart provides a summary of UOB's small business loan distribution based on borrowers' revenue size:

Distribution of UOB's Small Business Loans by Business Revenue Size								
Revenue Size	2004				2005			
	#	%	\$*	%	#	%	\$	%
\$1million or less	10	76.9	3,170	74.2	3	60.0	199	20.7
Over \$1 million	3	23.1	1,102	25.8	2	40.0	761	79.3
Total	13	100.0	4,272	100.0	5	100.0	960	100.0

* In thousands.

In 2004, 76.9% of UOB's small business loans were originated to businesses with revenues of \$1 million or less. During 2005, 60.0% of the small business loans originated by UOB were to businesses with revenues of \$1 million or less. This ratio is based on the five small business loans generated by UOB within the assessment area.

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

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

- **Discrimination and other Illegal Practices**

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

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

Evidence of prohibited discriminatory or other illegal credit practices.

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

- **Process Factors**

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

UOB's directors, officers and employees play an active role in canvassing the community as part of UOB's ongoing business development efforts. The board of directors is comprised of local businessmen who are also community leaders, and as such, have access to community residents and professionals. Informal outreach is an integral part of UOB's efforts to ascertain the credit needs of its community. UOB is a member of the Chinese Chamber of Commerce and the New York Chinese Businessmen's Association. Loan officers and directors also actively participate in various functions of other business organizations such as Chinese American Real Estate Association, Continental Garment Manufacturers Association and Asian Women in Business, to promote its lending business. Through active participation at the local level, bank management has developed an understanding of credit needs of its community.

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

UOB places advertisements in journals of various civic or business organizations and occasionally in newspapers, both in English and Chinese. In addition, UOB’s senior officers occasionally speak at seminars sponsored by local business development organizations. These seminars provide information and exposure regarding UOB’s products and services. As a community bank, UOB generates most of its loan business through word of mouth and referrals from customers or professionals.

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 CRA officer reports to the board of directors concerning UOB’s CRA related activities at every board meeting, and reviews the CRA statement annually. In this way, board members are kept informed of the type and level of activities conducted.

- **Other Factors**

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.

None noted.

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;
- 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 1990 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

Those individuals, whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

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.