



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, 2006

Institution: Amerasia Bank
41-06 Main Street
Flushing, NY 11355

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.

TABLE OF CONTENTS

	Section
General Information	1
Overview of Institution's Performance	2
Performance Context	3
Institution's Profile	
Assessment Area	
Performance Standards and Assessment Factors	4
Loan-to-Deposit Analysis and Other	
Lending-Related Activities	
Assessment Area Concentration	
Geographic Distribution of Loans	
Distribution by Borrowers Characteristics	
Action Taken in Response to Written Complaints	
With Respect to CRA	
Discrimination or Other Illegal Practices	
Process Factors	
Other Factors	
Glossary	5

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of Amerasia Bank ("Amerasia") 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, 2006.

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

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

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

Amerasia's LTD ratio is considered satisfactory in light of its size, financial condition and the credit needs of its assessment area. Its average LTD ratio for the eight quarters ended December 31, 2006 was higher than the peer average.

- ***Assessment Area Concentration:***

Amerasia extended a substantial majority of loans in the assessment area. During the evaluation period, 96.2% of the combined small business and HMDA-reportable loans were extended inside the assessment area.

- ***Geographic Distribution of Loans:***

Amerasia's geographic distribution of loans reflects a reasonable dispersion among census tracts of different income levels. During the evaluation period, 60% of its small business loans and 90% of total HMDA-reportable loans originated within the assessment area and were extended in moderate income geography.

- ***Distribution by Borrowers Characteristics:***

Amerasia's lending distribution in the assessment area reflects an excellent penetration among businesses of different revenue sizes. During the evaluation period, all of its small business loans were extended to businesses with gross annual revenues of \$1 million or less.

- Neither Amerasia 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's Profile:

Chartered in 1988, Amerasia is a commercial bank located in Flushing, New York. Amerasia provides consumer loans, residential mortgage, family mortgage and small business loans, and focuses on providing full banking services to the Chinese immigrant community.

As per the Federal Deposit Insurance Corporation's ("FDIC") Consolidated Report of Condition ("Call Report") as of December 31, 2006 reported total assets of \$147.7 million, of which \$112.2 million were net loans and lease finance receivables. It also reported total deposits of \$129 million, resulting in a loan-to-deposit ratio of 87.0%. According to the latest available comparative deposit data dated June 30, 2006, Amerasia obtained a market share of 0.02% inside its market, ranking it 78th among 110 deposit-taking institutions in its assessment area. In Queens County, Amerasia had a market share of 0.34% and a ranking of 33rd out of 49 deposit-taking institutions.

The following is a summary of Amerasia's lending portfolio, based on Schedule RC-C of the bank's December 31, 2004, December 31, 2005 and December 31, 2006 Call Reports:

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	2004		2005		2006	
	\$000	%	\$000	%	\$000	%
1-4 Residential Mortgage Loans	14,675	13.2	15,682	14.1	15,755	13.9
Commercial & Industrial Loans	7,636	6.9	8,296	7.5	8,159	7.2
Commercial Mortgage Loans	62,010	55.8	57,812	52.0	60,800	53.5
Multifamily Mortgages	14,206	12.8	12,043	10.8	11,879	10.3
Consumer Loans	58	0.1	86	0.1	71	0.1
Agricultural Loans	428	0.4	629	0.6	1,164	1.0
Construction Loans	12,034	10.8	16,644	15.0	15,904	14.0
Total Gross Loans	111,047	100.0	111,192	100.0	113,732	100.0

As shown in the table above, Amerasia's loan portfolio is primarily comprised of commercial mortgage loans, which accounts for 53.5% of the total gross loans as of December 31, 2006. Construction and residential mortgage loans account for 14.0% and 13.9%, respectively, of the total loans.

Amerasia has only one office that provides full-service with an automated teller machine ("ATMs"), which is accessible 24 hours a day. The bank did not open or close any branches during the evaluation period.

Amerasia operates in a highly competitive market. Competitors with a presence inside the assessment area include: HSBC, Citi Bank and Bank of America.

Amerasia is a participating lender in the Small Business Administration ("SBA") guaranteed loan program and generated four SBA guaranteed loans during the evaluation period.

Amerasia 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, 2004.

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

Assessment Area:

Amerasia’s assessment area is comprised of Kings, New York and Queens Counties. There are 1,752 census tracts in the area, of which 191 are low-income, 504 are moderate-income, 569 are middle-income, 446 are upper-income and 42 are zero-income tracts.

The following chart provides a summary of the census tracts with 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
New York	9	60	59	24	144	296	40.2
Queens	18	12	148	310	185	673	23.8
Total	42	191	504	569	446	1,752	39.7

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

Details of Assessment Area:

According to the 2000 U.S. Census, there were 2.4 million households in the assessment area, of which 445 thousand (19%) had incomes below the poverty level and 155 thousand (6%) received public assistance.

According to the 2006 Business Demographic Data report, there were 473 thousand businesses in the assessment area, of which 99.7% were non-farm. The two largest industries were services (38.5%) and retail trade (17.2%). Non-classified establishments accounted for 15.8% of all businesses in the assessment area. More than 65.6% of companies reported annual revenues of \$1 million or less and about 74.9% employed fewer than 50 employees. A substantial majority (91.0%) of the firms operated from one location.

The following table depicts the distribution of businesses by industry type inside the assessment area during the evaluation period:

Distribution of Businesses Within Assessment Area												
Type	Kings				New York				Queens			
	2005		2006		2005		2006		2005		2006	
	#	%	#	%	#	%	#	%	#	%	#	%
Agriculture, Forestry	351	0.3	377	0.3	547	0.2	575	0.2	435	0.4	448	0.4
Mining	18	0.0	21	0.0	93	0.0	91	0.0	27	0.0	26	0.0
Construction	6,674	5.6	7,169	5.7	4,215	1.8	4,233	1.8	8,238	7.6	8,556	7.9
Manufacturing	4,247	3.6	4,330	3.5	11,546	5.0	11,459	4.8	3,407	3.1	3,370	3.1
Transportation,	5,019	4.2	5,104	4.1	7,221	3.1	7,267	3.0	6,362	5.9	6,309	5.8
Wholesale Trade	6,880	5.8	6,888	5.5	15,772	6.9	15,467	6.4	6,067	5.6	5,852	5.4
Retail Trade	24,127	20.4	25,403	20.2	33,899	14.8	34,875	14.6	20,959	19.3	20,948	19.4
Finance, Insurance & Real Estate	9,521	8.1	10,266	8.2	25,438	11.1	26,479	11.0	8,720	8.0	8,733	8.1
Service	42,423	35.9	44,337	35.3	96,308	41.9	100,592	42.0	37,198	34.3	37,499	34.6
Public Administration	546	0.5	381	0.3	1,618	0.7	1,312	0.6	488	0.5	386	0.4
Non-Classified Establishment	18,383	15.6	21,214	16.9	32,952	14.4	37,256	15.6	16,629	15.3	16,156	14.9
Total	118,189	100	125,490	100	229,609	100	239,606	100	108,530	100	108,283	100

Unemployment Rates

According to the U.S. Bureau of Labor Statistics, New York County's average unemployment rate in 2006 was 4.5% for New York and Queens County and 5.47% for Kings County. New York State's average unemployment rate for 2006 was 4.5%.

Detailed statistics pertaining to the aforementioned counties are shown in the following chart:

Chart #1: Shows population and income.

Chart #2: Shows housing demographics.

Chart #3: Shows business demographics.

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	59,200	881,006	211,538	24.0	588,870	211,549	35.9	103,997	17.7	99,118	16.8	174,206	29.6	233,373	74.0	
NEW YORK	1,537,195	186,776	12.2	229,772	14.9	71,629	59,200	739,167	123,037	16.6	306,220	89,281	29.2	40,700	13.3	38,804	12.7	137,435	44.9	100,358	77.2	
QUEENS	2,229,379	283,042	12.7	453,930	20.4	49,815	59,200	782,646	110,462	14.1	542,804	123,580	22.8	94,780	17.5	108,206	19.9	216,238	39.8	84,937	38.9	
TOTAL A/A*	6,231,900	752,476	12.1	1,271,277	20.4	50,174	59,200	2,402,819	445,037	18.5	1,437,894	424,410	29.5	239,477	16.7	246,128	17.1	527,879	36.7	418,668	63.1	

* 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	456,744	49.1	474,122	50.9	238,290	25.6	13,344	5.6	77,683	32.6	92,933	39.0	54,330	22.8	670,996	72.1	50,139	5.4
NEW YORK	798,144	28,752	3.6	769,392	96.4	148,695	18.6	3,866	2.6	12,788	8.6	7,137	4.8	124,904	84.0	616,053	77.2	59,500	7.5
QUEENS	817,250	495,075	60.6	322,175	39.4	334,894	41.0	1,005	0.3	43,201	12.9	162,089	48.4	128,599	38.4	462,179	56.6	34,586	4.2
TOTAL A/A*	2,546,260	980,571	38.5	1,565,689	61.5	721,879	28.4	18,047	2.5	133,548	18.5	262,042	36.3	308,242	42.7	1,749,228	68.7	144,225	5.7

* Assessment Area

CHART # 3

BUSINESS DEMOGRAPHICS BY COUNTY											
COUNTY AND ASSESSMENT AREA(A/A)	Number of Non-Farm 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	125,113	85,842	68.6	5,525	4.4	33,746	27.0	93,751	74.7	118,603	94.5
NEW YORK	239,031	149,307	62.5	23,087	9.7	66,637	27.9	178,656	74.6	211,138	88.1
QUEENS	107,835	74,246	68.8	5,483	5.1	28,106	26.1	82,342	76.0	101,209	93.5
Total A/A	471,979	309,395	65.6	34,095	7.2	128,489	27.2	354,749	74.9	430,950	91.0

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

Amerasia'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 assessment period included calendar years 2005 and 2006. Examiners considered HMDA-reportable and small business lending in evaluating factors (2), (3) and (4), as noted above. In analyzing Amerasia's overall performance, small business lending was given the greatest weight as this comprised a substantial majority of the total volume of loans originated by Amerasia during the evaluation period.

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.

- **Loan-to-Deposit Ratio Analysis and Other Lending-Related Activities:**
"Satisfactory"

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

Amerasia's average LTD ratio for the eight quarters since the prior evaluation ending December 31, 2006 was 87.1%, which is above the peer average of 84.0%.¹ The peer group is comprised of all FDIC insured commercial banks having assets between \$100 million and \$300 million operating in a metropolitan area with two or fewer full service branches. While Amerasia's LTD ratios reflect a generally downward trend, decreasing from 91% as of quarter ended March 31, 2005 to 87.14% as of December 31, 2006, its average ratio was consistently above the peer except for one quarter.

Loan-to-Deposit Ratios									
	2005				2006				Average LTD
	3/31	6/30	9/30	12/31	3/31	6/30	9/30	12/31	
Bank	90.97	91.61	86.65	86.16	86.06	82.15	86.50	86.99	87.14
Peer	83.66	83.38	83.29	82.60	84.19	85.32	85.02	84.68	84.02

¹ These ratios were calculated from data contained in the bank's Uniform Bank Performance Report ("UBPR") as prepared by the Federal Deposit Insurance Corporation ("FDIC").

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

Amerasia originated a substantial majority of its loans within the assessment area. During the evaluation period, 96.2% of its small business and HMDA-reportable loans were originated within the assessment area.

Small business loans

In 2005, Amerasia originated 100% of the total small business loans within the assessment area. While the number of loans originated by Amerasia declined in 2006, the concentration rate within the assessment area remained at 100%.

HMDA-reportable loans

In 2005, Amerasia originated 66.7% of its six HMDA-reportable loans totaling \$2.2 million within its assessment area. In 2006, the volume of loans originated increased to seven, all of which were made in the assessment area that resulted to a concentration rate to 100%.

The following table shows distribution of Amerasia’s small business and HMDA-reportable loans inside 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
	#	%	#	%		\$	%	\$	%	
Small business										
2005	23	100.0	0	0	23	8,853	100.0	0	0	8,853
2006	17	100.0	0	0	17	4,719	100.0	0	0	4,719
Subtotal	40	100.0	0	0	40	13,572	100.0	0	0	13,572
HMDA										
2005	4	66.7	2	33.3	6	2,245	80.0	562	20.0	2,807
2006	7	100.0	0	0	7	4,615	100.0	0	0	4,615
Subtotal	11	84.6	2	15.4	13	6,860	92.4	562	7.6	7,422
Total	51	96.2	2	3.8	53	20,432	97.3	562	2.7	20,994

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

The geographic distribution of Amerasia’s small business and HMDA-reportable loans reflects a reasonable dispersion among census tracts of different income levels.

Small Business Loans

During the evaluation period, Amerasia extended 60.0% and 59.4%, by number and by volume, respectively, of its small business loans in moderate census tract. Amerasia did not originate any of its small business loans in low-income area. Amerasia’s performance in

LMI geographies is more than reasonable compared with the business demographics in the assessment area.

The following chart summarizes Amerasia's small business lending distribution during the evaluation period:

Distribution of Small Business Loans by Geographic Income Level*					
Geography Income Level	Bank				% of businesses
	#	%	\$000	%	%
Low	0	0.0%	0	0.0%	6.3%
Moderate	15	65.2%	5,438	61.4%	20.9%
Middle	7	30.4%	3,375	38.1%	22.2%
Upper	1	4.4%	40	0.5%	49.2%
n/a					1.4%
Total	23	100.0%	8,853	100.0%	100.0%

Geography Income Level	Bank				% of businesses
	#	%	\$000	%	%
Low	0	0.0%	0	0.0%	6.7%
Moderate	9	52.9%	2,625	55.6%	21.3%
Middle	7	41.2%	1,944	41.2%	22.0%
Upper	1	5.9%	150	3.2%	48.7%
n/a					1.3%
Total	17	100.0%	4,719	100.0%	100.0%

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

HMDA Reportable Loans

During the evaluation period, Amerasia did not originate any HMDA-reportable loans in low income tracts. However, 90.9% of the total HMDA-reportable loans were extended in moderate income census tracts.

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

Distribution of HMDA-reportable Loans by Geographic Income Level*				
Geography Income Level	Bank			
	#	%	\$000	%
Low	0	0.0%	0	0.0%
Moderate	10	90.9%	5,060	73.8%
Middle	0	0.0%	0	0.0%
Upper	1	9.1%	1,800	26.2%
Total	11	100.0%	6,860	100.0%

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

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

The distribution of Amerasia’s small business loans reflects an excellent penetration among businesses of different sizes.

Small Business Loans

During the evaluation period, Amerasia extended 100% of its total small business loans to businesses with gross annual revenue of \$1 million or less. Amerasia’s small business loans with a size ranging \$250 thousand to \$1 million accounted for 26.1% and 35.3% of the total small business loans in 2005 and 2006, respectively.

Details of Amerasia’s small business loans are shown below:

Distribution of Small Business Loans by Loan Size								
Loan Size (\$ in thousands)	2005				2006			
	#	%	\$000	%	#	%	\$000	%
<= \$100	6	26.1%	330	3.7%	6	35.3%	290	6.1%
>\$100 - <=\$250	3	13.0%	470	5.3%	4	23.5%	730	15.5%
>\$250 - <\$1,000	14	60.9%	8,053	91.0%	7	41.2%	3,699	78.4%
Total	23	100.0%	8,853	100.0%	17	100.0%	4,719	100.0%

HMDA Loans

HMDA-reportable loans for the evaluation period were comprised entirely of loans secured by properties that were not owner-occupied, and as such, were excluded from analysis of borrower characteristics.

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

Since the latest CRA evaluation as of December 31, 2004, neither Amerasia nor the New York State Banking Department has received any written complaints regarding the bank’s CRA performance.

- **Discrimination and Other Illegal Practices**

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

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

Evidence of prohibited discriminatory or other illegal credit practices.

The concurrent regulatory compliance and fair lending examinations conducted by the New York State banking Department 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.

Amerasia ascertains the community credit needs and promotes banking activities for the betterment of the neighborhoods and local business through its membership and association of its staff and management with various organizations such as Chinese American Banker Association, Flushing Chamber Business Association and Taiwan Merchant Association of Greater New York.

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.

Amerasia markets its credit services through advertisement in local newspapers and Chinese radio/cable television stations, and also through direct contact with the community.

Loan department staff calls on local merchants and promotes the bank's credit facility at social and community gathering.

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 reviews Amerasia's CRA policy and performance. Amerasia's CRA performance is presented annually to the Board.

- **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.

Amerasia uses the second floor of its new building as community room where individuals and organizations have free access to the facility to hold exhibition, educational and financial seminars.

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 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.