



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

**May 10, 2004**

# **Community Reinvestment Act Performance Evaluation**

**Asia Bank, N.A.  
Charter Number: 18432**

**135-34 Roosevelt Avenue  
Flushing, NY 11354**

**Office of the Comptroller of the Currency**

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**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **“Satisfactory.”**

The following table indicates the performance level of **Asia Bank, N.A.** with respect to the lending, investment, and service tests:

Performance Levels	Asia Bank, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	<b>X</b>		
High Satisfactory			<b>X</b>
Low Satisfactory		<b>X</b>	
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- Lending levels that reflect good responsiveness to the assessment areas’ credit needs.
- Excellent distribution of loans among the different geographies and among businesses of different sizes, given the demographics of the assessment areas.
- An adequate level of qualified community development (CD) investments purchased during the evaluation period.
- Service delivery systems are readily accessible to geographies and individuals of different income levels in the bank’s assessment areas.
- The level of community development services is poor when considering the ample opportunities for these services in the bank’s primary assessment area. The lack of CD services had a negative impact on the service test rating.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home Mortgage Loans:** such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of

individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any primary metropolitan statistical area (PMSA), metropolitan statistical area (MSA), or consolidated metropolitan area (CMSA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

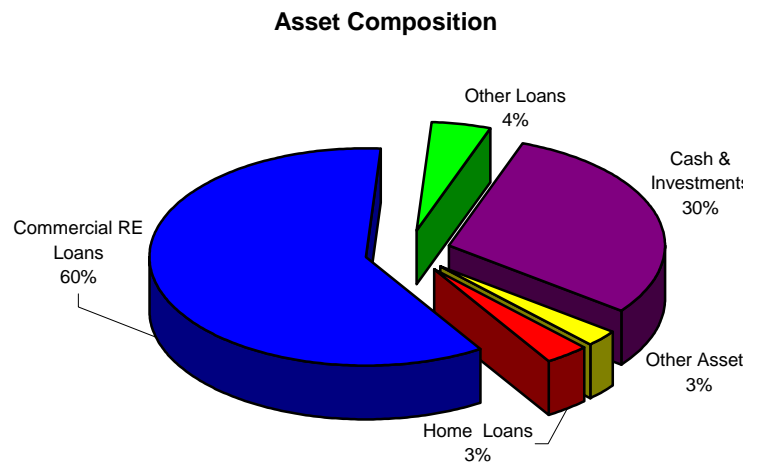
**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

Organized in 1984, Asia Bank, N.A. (Asia Bank) is a wholly-owned subsidiary of Asia Bancshares, Inc., a one-bank holding company. Asia Bank, with its headquarters in Flushing, NY, is an interstate bank operating in New York and Maryland. The bank operates from its main office in Flushing (Queens County) and three branches located in Elmhurst, NY (Queens County), Chinatown, NY (New York County), and Rockville, MD (Montgomery County). Asia Bank opened its Rockville branch in July 1999. All the branches are located in economically vibrant and expanding Asian-American communities. Asia Bank does not have any affiliates for which it wants consideration of their activities. There were no merger or acquisition activities during this assessment period. Asia Bank has total assets of \$342 million, total deposits of \$304 million, and tier one capital of \$36 million. All financial information is as of March 31, 2004 unless otherwise indicated.

Asia Bank's CRA performance was last reviewed in November 1998 under the small bank CRA assessment criteria. The bank's performance was rated "Satisfactory" for that review. Since our previous CRA examination, Asia Bank had expanded their assessment area (AA) to include all of New York, Queens, and Kings Counties. Additionally, Asia Bank designated a second assessment area consisting of Montgomery County in Maryland, where the bank opened a de novo branch in July 1999. For this evaluation, the bank's performance was reviewed under the large bank CRA assessment criteria. Asia Bank was subject to large bank CRA requirements beginning in 2000 as the bank surpassed the \$250 million total asset-threshold at the prior two year-ends.

Asia Bank's primary strategy is to provide banking products and services to the local community, targeting the Asian community in New York City and Maryland. Asia Bank offers traditional deposit products, including checking, savings, and time deposit accounts. In terms of credit products, the bank's offerings include commercial mortgages, business lines of credit, letters of credit, and Small Business Administration (SBA) and Overseas Chinese Credit Guarantee Fund (OCCGF) loans. The OCCGF is a program administered by the Taiwanese government that is similar to SBA lending, whereby a portion of the bank's loans to local businesses are guaranteed by the Taiwanese government. Consumer loans offered include residential mortgages, home improvement loans, personal loans, automobile loans, and overdraft protection. Gross loans represent 67% of total bank assets. Lending activities are largely commercial mortgages, especially to small businesses. The bank also offers business lines of credit, home mortgage, and





consumer loan products, with the latter two offered as an accommodation to customers as Asia Bank cannot effectively compete against the larger financial institutions operating in the same markets. Any conforming home mortgages originated are sold into the secondary market. The bank also had \$32 million in loan commitments and \$820,000 in letters of credit.

There are no impediments identified, legal, financial or otherwise, which would hinder the institution's ability to help meet the credit needs in its assessment areas. However, local competition is intense, especially in the Flushing, Chinatown and Rockville markets. Numerous financial institutions are represented in the Greater Flushing area alone, including several multinational and regional institutions as well as other Asian banks.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for loan originations is from January 1, 2000 to December 31, 2002. Asia Bank's primary loan product is commercial mortgages to small businesses in both assessment areas. Home mortgage loans are generally granted as an accommodation to existing customers. The bank originated an insignificant volume of home mortgage loans during the evaluation period; therefore, an analysis of these loans is not meaningful. Home mortgage loans originated during the evaluation period are shown in the tables in Appendix D. The bank does not have any farm loans. The market share and peer lender comparisons are based on 2002 aggregate HMDA and small business data.

The Investments and Service Tests covered the period August 1, 1998 through May 10, 2004, which represents the end date of the prior CRA review through the start date of this current review.

Asia Bank had four qualifying investments but did not have any qualifying community development loans or services since the previous CRA examination.

### Data Integrity

During December 2003, OCC examiners verified the accuracy of the lending register that Asia Bank is required to file annually with regulators. The register used contained information on the bank's small business lending. We noted some minor classification errors on the register. Additionally, our loan sample identified some minor geocoding and revenue size errors. Asia Bank was not required to refile the registers for 2000-2002, but was asked to correct the data for the public file and the OCC's CRA examination. The bank's data is considered reliable in our evaluation of Asia Bank's CRA performance.

Asia Bank did not report any community development loans. We sampled some of the loans exceeding \$1 million, but determined they did not qualify for community development as presented in the loan files. Additionally, we reviewed all community development investments and community development services presented by the bank for qualification. Asia Bank's four investments in mortgage-backed securities were deemed to be qualified investments, meeting the community development definition under the CRA regulation.

### Selection of Areas for Full-Scope Review

Asia Bank's two assessment areas in New York and Maryland were selected for full-scope reviews.

## **Ratings**

The overall rating for Asia Bank is based on the individual state ratings for the full-scope reviews performed for New York and Maryland. The overall rating is weighted towards the bank's performance in New York as a significant portion of the bank's business is generated in New York. Of the bank's totals, 94% of deposits and 90% of loans are from the New York area. Additionally, three of Asia Bank's four branches are located in the New York AA. Further, for the Lending Test, emphasis was placed on the bank's small business loans as these represent the bank's major lending strategy. Home mortgage lending is also considered, but to a lesser extent.

## **Fair Lending Review**

We found no evidence of illegal discrimination or other illegal credit practices.

## State Rating

### State of New York

<b>CRA Rating for New York:</b>	<b><u>Satisfactory</u></b>
<b>The lending test is rated:</b>	<u>Outstanding</u>
<b>The investment test is rated:</b>	<u>Low Satisfactory</u>
<b>The service test is rated:</b>	<u>High Satisfactory</u>

The major factors that support this rating include:

- Good responsiveness to the assessment area’s small business lending needs.
- Excellent distribution of loans among the different geographies and among businesses of different sizes, given the demographics of this assessment area.
- An adequate level of qualified investments that are responsive to identified needs within the AA.
- Delivery systems that are readily accessible to geographies and individuals of different income levels in the AA.
- The level of community development services is poor when considering the ample opportunities for these services within this AA, and this had a negative impact on the service test rating.

### Description of Institution’s Operations in New York

Refer to the Market Profile for the State of New York in Appendix C for detailed demographics and other performance context information for this assessment area, including a discussion of community contacts in this market.

Asia Bank designates all of New York, Queens, and Kings Counties as its New York assessment area. These three counties represent a portion of New York City as well as a portion of the New York Primary Metropolitan Statistical Area (PMSA 5600). The bank has three branches in this assessment area -- two in Queens County and one in New York County. Asia Bank does not have any branches in Kings County; however, the bank does have a number of loans to borrowers located in this geography given the large Asian population as well as proximity to the other two counties. The vast majority of Asia Bank’s activities are conducted in this assessment area, representing 94% of total bank deposits and 90% of total bank loans. Lending activities in this AA during the evaluation period totaled 160 loans for \$55 million, representing 95% of all loans originated by Asia Bank during the evaluation period. Of total loans, 89% were small

loans to businesses. Asia Bank does not offer small farm loans; therefore, related tables in Appendix D have been purposely omitted.

Asia Bank's New York branches had deposits totaling \$285 million. Based on the FDIC's Summary of Deposit data as of June 30, 2003, which is the most recent available, Asia Bank had a deposit market share of 0.08%, ranking it 46<sup>th</sup> among the 112 deposit-taking institutions within this AA. The top five banks had an aggregate market share of 75% and included JP Morgan Chase, Citibank, Bank of New York, HSBC, and Bank of America. Similar to deposits, competition for small business loans is also intense. Asia Bank ranked 36<sup>th</sup> out of 213 lenders in small business lending with a market share of 0.02%, according to 2002 market share data derived from reports filed with regulators by large banks, as defined under the CRA regulation. Credit card banks represent the market leaders with an aggregate 70% share and include Capital One, JP Morgan Chase, Citibank, American Express Centurion Bank, and Advanta Bank.

## **Scope of Evaluation in New York**

A full-scope review of the New York AA was conducted. The state rating for New York is based solely upon the bank's performance in this AA, as Asia Bank has no other assessment areas in this state. Refer to Appendix A for additional information on the scope of the examination.

## **LENDING TEST**

The bank's performance under the lending test in New York is rated "Outstanding." Based on a full-scope review, the bank's performance in New York-Queens-Kings Counties is excellent.

## **Lending Activity**

Refer to Table 1 Lending Volume in the state of New York section of Appendix D for the data used to evaluate the bank's lending activity.

Asia Bank's lending levels reflect good responsiveness to AA credit needs. During the evaluation period, the bank originated 160 loans, including 142 small loans to businesses. In this very competitive market, Asia Bank ranked 36<sup>th</sup> in small business lending with a 0.02% market share while ranking 46<sup>th</sup> in deposits with a 0.08% market share. The bank also originated 18 home mortgage loans during this period. Of the total, 9 were home purchase, 6 were refinance, and 3 were multifamily loans. The bank did not originate any home improvement loans during the evaluation period. Asia Bank is not an active lender of such loans, as it cannot effectively compete with the number of large banks and mortgage companies in this market. Asia Bank ranked 403<sup>rd</sup> out of 723 lenders in this AA based on 2002 aggregate HMDA data.

## **Distribution of Loans by Income Level of the Geography**

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4, and 5 in the state of New York section of Appendix D for the data used to evaluate the geographic distribution of the bank's home mortgage loan originations/purchases. The volume of home mortgage lending is insignificant, and analysis of such is not considered meaningful.

### ***Small Loans to Businesses***

Refer to Table 6 in the state of New York section of Appendix D for the data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses reflects excellent penetration throughout the assessment area. Asia Bank's performance in low- and moderate-income geographies significantly exceeds the percentage of businesses located in such tracts. The bank's penetration in the latter income category exceeded the area's demographics by more than two times. In addition, the bank's market shares in both low- and moderate-income geographies exceeded its overall market share for this AA.

### ***Lending Gap Analysis***

An analysis of the small loans to businesses did not reveal any significant or unexplained gaps in the geographic distribution in this assessment area.

### ***Inside/Outside Ratio***

This portion of the evaluation was performed at the bank level rather than at each AA. This analysis indicates the level of lending within all of the AAs on a consolidated basis. A high percentage of loans are made in Asia Bank's AAs. During the evaluation period, the bank originated approximately 80% of its loans within its two AAs. Asia originated 81% of small loans to businesses and 74% of its home mortgage loans within its AAs.

## **Distribution of Loans by Income Level of the Borrower**

### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in the state of New York section of Appendix D for the data used to evaluate the borrower distribution of the bank's home mortgage loan originations/purchases. The volume of home mortgage lending is insignificant, and analysis of such is not considered meaningful.

### ***Small Loans to Businesses***

Refer to Table 11 in the state of New York section of Appendix D for the data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The borrower distribution of small loans to businesses reflects excellent penetration among business customers of different sizes throughout the AA. Loans to small businesses (businesses with revenues of \$1 million or less) represent 84% of all small loans to businesses originated during the evaluation period. This significantly exceeded the number of businesses in the AA that are considered small businesses. Additionally, Asia Bank's small business lending market share exceeded its overall market share for the AA.

### **Community Development Lending**

Asia Bank did not originate or purchase any community development loans during the evaluation period. This had a neutral impact on the bank's lending test evaluation.

### **Product Innovation and Flexibility**

Asia Bank makes no use of innovative or flexible lending practices in order to serve AA credit needs.

## **INVESTMENT TEST**

The bank's performance under the investment test in New York is rated "Low Satisfactory." Based on a full-scope review, the bank's performance in New York-Queens-Kings Counties is adequate.

Refer to Table 14 in the state of New York section of Appendix D for the data used to evaluate the bank's level of qualified investments.

Asia Bank has an adequate level of qualified community development investments. During the evaluation period, the bank purchased two mortgage-backed securities (MBS) totaling \$2.1 million. These investments are backed by a pool of residential mortgages to low- and moderate-income individuals, with a majority located within the bank's AA. The remaining portion of the underlying mortgages is located in nearby geographies. These investments are responsive to credit and community economic development needs as identified during contacts with local community organizations. These MBS are not considered innovative or complex. Investment activities are adequate when consideration is given to the actual benefit of these investments in the AA, and Asia Bank's size and capacity. Also, while ample investment opportunities exist in this market, the presence of other larger and sophisticated financial institutions vying for such investments makes it difficult for the bank to attain a high level of investment activity.

## **SERVICE TEST**

The bank's performance under the service test in New York is rated "High Satisfactory." Based on a full-scope review, the bank's performance in New York-Queens-Kings Counties is good.

### **Retail Banking Services**

Refer to Table 15 in the state of New York section of Appendix D for the data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Asia Bank operates three branch offices in New York. During the evaluation period, no branches were opened or closed within the AA. One branch is located in a moderate-income geography, which significantly exceeds the population demographics for this AA. The bank's two other New York branches are located within middle-income geographies. None of the bank's New York branches are located in low-income geographies. However, its branches are directly adjacent to low- and moderate-income tracts. Additionally, all three branches are accessible via public transportation, including subways and buses, and so are readily accessible to essentially all segments of the AA's population. All of the bank's locations were selected due to their proximity to large Asian populations who reside or work in these three communities. Bank services and business hours do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies or individuals.

### **Community Development Services**

The level of community development services is poor when considering the ample opportunities for these services within this AA. New York City is a large, diverse metropolitan area with numerous community-based organizations and governmental entities serving their local communities. Each group represents a potential opportunity for partnership in providing community development services. Asia Bank did not report any CD services for this evaluation period, thereby, negatively impacting the bank's service test rating.



## State Rating

### State of Maryland

**CRA Rating for Maryland:**

**Needs to Improve**

**The lending test is rated:**

Needs to Improve

**The investment test is rated:**

High Satisfactory

**The service test is rated:**

High Satisfactory

The major factors that support this rating include:

- Poor responsiveness to the assessment area’s small business lending needs given that the bank made only 8 loans during the three-year evaluation period. This poor responsiveness had a negative impact on the lending test rating.
- A good level of qualified investments that are responsive to identified needs within the AA.
- Delivery systems that are accessible to geographies and individuals of different income levels in the AA.

### Description of Institution’s Operations in Maryland

Refer to the Market Profile for the State of Maryland in Appendix C for detailed demographics and other performance context information for this assessment area, including a discussion of community contacts in this market.

Asia Bank designates all of Montgomery County as its Maryland assessment area. Montgomery represents a portion of the Washington, DC-MD-VA-WV Primary Metropolitan Statistical Area (PMSA 8840). The bank maintains one branch in Rockville, MD (Montgomery County), which opened in July 1999. Asia Bank’s activities are minimal in this assessment area, representing only 6% of total bank deposits and 10% of total bank loans. Lending activity in this AA during the evaluation period consisted of only 8 small loans to businesses for \$1.8 million. Asia Bank did not originate any home mortgages in this AA during the evaluation period. Also, the bank does not offer small farm loans; therefore, related tables in Appendix D have been omitted.

Asia Bank’s Rockville branch had deposits totaling \$19 million. Based on the FDIC’s Summary of Deposit data as of June 30, 2003, Asia Bank had a deposit market share of 0.04%, ranking it last among the 30 deposit-taking institutions within this AA. The top 5 banks had an aggregate market share of 72% and included Chevy Chase Bank, Bank of America, Suntrust Bank, Wachovia Bank, and Sandy Spring Bank. Similar to deposits, competition for small business loans is also intense with 124 institutions in this

market. Credit card banks represent the market leaders with an aggregate 64% share and include Capital One, Citibank, American Express Centurion Bank, MBNA America, and Advanta Bank. Asia Bank did not originate or purchase any small loans to businesses in 2002; therefore, it was not included in the market share data filed by large banks.

## **Scope of Evaluation in Maryland**

A full-scope review of the Maryland AA was conducted. The state rating for Maryland is based solely upon the bank's performance in this AA, as Asia Bank has no other assessment areas in this state. Refer to Appendix A for additional information on the scope of the examination.

## **LENDING TEST**

The bank's performance under the lending test in Maryland is rated "Needs to Improve." Based on a full-scope review, the bank's performance in Montgomery County is poor reflecting the small number of loans granted during the evaluation period. The bank's poor lending level had a negative impact on the lending test rating. This poor lending performance also had a negative impact on the overall state rating.

### **Lending Activity**

Refer to Table 1 Lending Volume in the state of Maryland section of Appendix D for the data used to evaluate the bank's lending activity.

Asia Bank's lending levels reflect poor responsiveness to AA credit needs. During the evaluation period, the bank only originated 8 small loans to businesses, with none in 2002. Therefore, Asia Bank was not included in 2002 small business lending market share data for this AA. The bank did not originate any home mortgage loans in this AA during the evaluation period. The corresponding tables in the state of Maryland section of Appendix D have been omitted.

## **Distribution of Loans by Income Level of the Geography**

### ***Home Mortgage Loans***

Asia Bank did not originate or purchase any home mortgage loans in this AA during this evaluation period. Tables 2, 3, 4, and 5 in the state of Maryland section of Appendix D have been omitted.

### ***Small Loans to Businesses***

Refer to Table 6 in the state of Maryland section of Appendix D for the data used to evaluate the geographic distribution of the bank's origination and purchase of small loans to businesses.

Although the geographic distribution of the eight small loans to businesses reflects good penetration, this performance is meaningless since the bank's lending level in this AA is poor.

### ***Lending Gap Analysis***

An analysis of the small loans to businesses did not reveal any significant or unexplained gaps in the geographic distribution in this assessment area.

### ***Inside/Outside Ratio***

This portion of the evaluation was performed at the bank level rather than at each AA. This analysis indicates the level of lending within all of the AAs on a consolidated basis. A high percentage of loans are made in Asia Bank's AAs. During the evaluation period, the bank originated approximately 80% of its loans within its two AAs. Asia originated 81% of small loans to businesses and 74% of its home mortgage loans within its AAs.

## **Distribution of Loans by Income Level of the Borrower**

### ***Home Mortgage Loans***

Asia Bank did not originate or purchase any home mortgage loans during this evaluation period. Tables 8, 9, and 10 in the state of Maryland section of Appendix D have been omitted.

### ***Small Loans to Businesses***

Refer to Table 11 in the state of Maryland section of Appendix D for the data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

Although the borrower distribution of the eight small loans to businesses reflects good penetration, this performance is meaningless since the bank's lending level in this AA is poor.

## **Community Development Lending**

Asia Bank did not originate or purchase any community development loans during the evaluation period. This had a neutral impact on the bank's lending test evaluation.

## **Product Innovation and Flexibility**

Asia Bank makes no use of innovative or flexible lending practices in order to serve AA credit needs.

## **INVESTMENT TEST**

The bank's performance under the investment test in Maryland is rated "High Satisfactory" and is based on a full-scope review of the bank's performance in Montgomery County. Asia Bank's performance in Montgomery County is good.

Refer to Table 14 in the state of Maryland section of Appendix D for the data used to evaluate the bank's level of qualified investments.

Asia Bank has a good level of qualified community development investments. During the evaluation period, the bank purchased two MBS totaling \$1.3 million. These investments are backed by residential mortgages of primarily low- and moderate-income individuals, with a majority located within the bank's AA. The remaining mortgages are located in neighboring geographies. These investments are responsive to credit and community economic development needs as identified during our contact with a local community group. These MBS are not considered innovative or complex. Investment activities are good when considering Asia Bank's overall size and capacity, the bank's limited presence in Maryland, and the presence of other larger and sophisticated financial institutions in the same market.

## **SERVICE TEST**

The bank's performance under the service test in Maryland is rated "High Satisfactory." Based on a full-scope review, the bank's performance in Montgomery County is good.

### **Retail Banking Services**

Refer to Table 15 in the state of Maryland section of Appendix D for the data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Delivery systems are accessible to all geographies and individuals of different income levels in this AA. Branch services and business hours do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies or individuals. Asia Bank operates one branch office in this AA, which it opened during the evaluation period. The Rockville, MD community was chosen because of its large Asian population. This branch is located in a moderate-income census tract, which constitute only 12% of total tracts in this AA. Additionally, only 13% of the AA's population resides in such geographies, with 87% of the population residing in middle- and upper-income geographies.

### **Community Development Services**

While there are community development service opportunities in this market for local financial institutions, Asia Bank reported none for this evaluation period. The lack of CD services in this AA did not have an impact on the service test rating based on the bank's

limited presence in the AA and its limited resources, which impacts the bank's ability to provide such services. The bank's competition includes a number of large, sophisticated banks that have the capacity and expertise to provide community development services to the community.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/2000 to 12/31/2002) Investment and Service Tests: (08/01/1998 to 05/10/2004) CD Loans: (08/01/1998 to 05/10/2004)	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Asia Bank, N.A. Flushing, NY		Small Business Loans Home Mortgage Loans
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
New York New York-Queens-Kings Counties	Full-Scope	
Maryland Montgomery County	Full-Scope	

## Appendix B: Summary of State Ratings

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RATINGS ASIA BANK, N.A.				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State Rating
ASIA BANK, N.A.	Outstanding	Low Satisfactory	High Satisfactory	Satisfactory
State:				
NEW YORK	Outstanding	Low Satisfactory	High Satisfactory	Satisfactory
MARYLAND	Needs to Improve	High Satisfactory	High Satisfactory	Needs to Improve

(\*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

# Appendix C: Market Profiles for Full-Scope Areas

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### Market Profiles for Areas Receiving Full-Scope Reviews

**STATE OF NEW YORK**  
**(NEW YORK-QUEENS-KINGS COUNTIES)..... C-2**

**STATE OF MARYLAND**  
**(MONTGOMERY COUNTY) ..... C-4**



## State of New York

### (New York-Queens-Kings Counties)

Demographic Information for Full Scope Area: NEW YORK-QUEENS-KINGS COUNTIES						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,760	10.45	20.00	37.84	29.03	2.67
Population by Geography	5,739,798	12.66	23.62	34.91	28.58	0.23
Owner-Occupied Housing by Geography	649,943	2.20	11.02	38.59	48.19	0.01
Business by Geography	403,503	5.83	19.41	26.02	45.68	3.05
Farms by Geography	956	3.97	11.09	32.43	51.46	1.05
Family Distribution by Income Level	1,364,276	26.44	16.34	18.88	38.35	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	583,514	21.80	32.52	32.74	12.94	0.00
Median Family Income		37,515	Median Housing Value	196,678		
HUD Adjusted Median Family Income for 2002		62,800	Unemployment Rate (1990 US Census)	4.36%		
Households Below Poverty Level		16.62%				

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 1990 US Census and 2002 HUD updated MFI

Asia Bank designates a portion of the New York Metropolitan Statistical Area as its sole assessment area in the state of New York. This AA consists of New York, Queens and Kings counties. These three counties also comprise three of the five boroughs of New York City, otherwise known as Manhattan, Queens, and Brooklyn, respectively. This assessment area conforms to the legal requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income geographies.

Of the AA's 1,760 census tracts, 184 are low-income, 352 are moderate-income, 666 are middle-income, and 511 are upper-income. No income classification was assigned to 47 census tracts. Of the total number of low-income CTs in this AA, 62% are located in Kings, 34% in New York and 4% in Queens. Of the total number of moderate-income CTs in this AA, 59% are in Kings, 23% in Queens and 18% in New York. Asia Bank operates one branch in New York County and two branches in Queens County. The bank has two ATMs at its Elmhurst branch and one at its Flushing branch. It does not have any branches in Kings County; however, the bank does have a number of loans to borrowers located in this geography given its large Asian population as well as its proximity to the other two counties.

According to 1990 Census data, about 83% of New York City's population resides in these areas. The 2002 HUD-adjusted median family income the New York MSA is \$62,800. There are 2.4 million housing units within the AA, of which 63% are multifamily units and 35% are 1-4 family units. Of the total number of housing units, 70% are rental and 27% are owner-occupied. The average median housing value is

approximately \$197,000, while the average monthly rent is \$533 for this AA. The median year built is 1948.

New York City is home to many large and diversified financial service companies contributing to a fiercely competitive market for all types of financial products. Major banking competitors include JP Morgan Chase, Citibank, Bank of New York, HSBC, Bank of America, Deutsche Bank, Greenpoint Bank, North Fork Bank, and Washington Mutual as well as other Asian financial institutions located in the same neighborhoods. Asia Bank ranks within the top 50 lenders for small loans to businesses at 36<sup>th</sup>, but with only a 0.02% market share. Also, Asia Bank has a deposit market share of 0.08% ranking it 46<sup>th</sup> among deposit-taking institutions within the AA. Of Asia Bank's totals, 94% of deposits and 90% of loans are from the New York area.

New York City is also home to a diversified mix of businesses with many national and international corporations headquartered there. Historically, downtown Manhattan has been dominated by the financial services industry. Industries operating in the midtown Manhattan area include advertising, publishing, and garment production. The retail sector is a major employer along with health and social care.

After experiencing several years of good economic growth, the overall New York City economy weakened in line with the national economy. A major factor was the September 2001 terrorist attacks that destroyed the World Trade Center. Tourism, a major contributor to the city's economy, was negatively impacted and had a ripple effect on other industries and services. Volatility on Wall Street had also impacted the local and national economies. According to the U.S. Bureau of Labor Statistics, New York City's unemployment rate was 7.5% as of March 2004, an improvement against the 8.6% level in 2003. There are some bright spots in the city's economy. Domestic tourism is being revived due to targeted advertising and special incentive packages; however, foreign tourists have yet to return in significant numbers. The housing market in the New York area has strengthened because of low mortgage interest rates, pent-up demand for housing, and a switch in household assets from the stock market to the residential real estate market.

According to community contacts, the area's credit needs include small business lending, including micro-loans, with flexible underwriting as well as commercial and residential mortgages. Community Affairs Officer contacts with local community groups in the AA identified CD lending, investment and service opportunities related to affordable housing, economic development, and revitalization.

## State of Maryland

### (Montgomery County)

Demographic Information for Full Scope Area: MONTGOMERY COUNTY						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	160	0.63	11.88	41.25	45.63	0.63
Population by Geography	757,027	0.26	13.12	41.20	45.41	0.00
Owner-Occupied Housing by Geography	191,772	0.01	6.74	40.73	52.52	0.00
Business by Geography	67,424	2.88	13.82	37.94	45.36	0.00
Farms by Geography	1,118	0.45	7.07	45.08	47.41	0.00
Family Distribution by Income Level	200,522	11.95	15.38	23.53	49.15	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	54,797	0.64	24.64	49.76	24.97	0.00
Median Family Income		52,807	Median Housing Value	216,162		
HUD Adjusted Median Family Income for 2002		91,500	Unemployment Rate (1990 US Census)	1.6%		
Households Below Poverty Level		3.8%				

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 1990 US Census and 2002 HUD updated MFI

Asia Bank designates Montgomery County in Maryland as its only assessment area in this state. Montgomery County is part of the Washington, DC-MD-VA-WV PMSA. The bank maintains one branch in Montgomery County, which opened in 1999 and accounts for only a small portion of the bank’s business. There is also one ATM on the bank’s premises. The assessment area conforms to the legal requirements of the CRA regulation and does not arbitrarily exclude low- and moderate-income areas. Of the AA’s 160 census tracts, only 1 is low-income, 19 are moderate-income, 66 are middle-income, and 73 are upper-income. One census tract was not assigned an income classification.

According to Maryland’s Department of Planning (MDP) data as of July 2003, Montgomery County is the most heavily populated county in Maryland. Of Maryland’s 5.5 million residents, almost 1 million (17%) reside in Montgomery County. The MDP estimated the population growth of Montgomery County from 2000 to 2003 at 5.2%, adding over 116,000 residents over the three-year period, and is the highest population increase in the state. The assessment area is in a primarily suburban area of Washington, DC. The 2002 HUD-adjusted median family income for this MSA is \$91,500. There are a total of 296,000 housing units in Montgomery County of which 70% are 1-4 family units and 29% are multifamily units. Of the total housing units, 65% are owner-occupied and 31% are rental. The average median housing value is approximately \$216,000, while the average monthly rent is \$756 for this AA. The median year built is 1969.

Montgomery County is a highly competitive market, with Asia Bank competing against over 125 different lenders for small business loans. There are 30 banks seeking local deposits in this market, with Asia Bank having a less than 1% share, ranking it last among deposit taking institutions within this AA.

According to the U.S. Bureau of Labor Statistics, Montgomery County had an unemployment rate of 2.2% as of March 2004, which is the lowest in the state of Maryland. The U.S. Census Bureau states, in their "County Business Patterns" report, that the top industries in Montgomery County include professional, scientific and technical services, retail trade, and healthcare and social assistance. The residents of Montgomery County are highly educated and provide staffing for numerous government agencies and facilities, educational and nonprofit institutions and a growing base of biotechnology and advanced technology businesses. It is also home to the Human Genome project and a myriad of federal labs and agencies that fuel biotechnology, aerospace and advanced technology enterprise and discovery.

According to our contacts with a local community organization, the area's credit needs include small business loans and residential mortgages.

# Appendix D: Tables of Performance Data

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**CONTENT OF STANDARDIZED TABLES .....D-2**

**TABLES OF PERFORMANCE DATA .....D-5**

**STATE OF NEW YORK**  
    **(NEW YORK-QUEENS-KINGS COUNTIES)..... D-5**

**STATE OF MARYLAND**  
    **(MONTGOMERY COUNTY) ..... D-11**

## Content of Standardized Tables

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References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size)

throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

**Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.

**Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.

**Table 10. Borrower Distribution of Refinance Loans** - See Table 8.

**Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**  
- Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.



Tables of Performance Data

State of New York

Table 1. Lending Volume

LENDING VOLUME												Geography: NEW YORK		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002	
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)				
<b>Full Review:</b>															
New York-Queens-Kings Counties	100.00	18	3,630	142	50,949	0	0	0	0	160	54,579	100.00			

\* Loan Data as of December 31, 2002. Rated area refers to either state or multi-state MA rating area.  
 \*\* The evaluation period for Community Development Loans is from August 01, 1998 to May 10, 2004.  
 \*\*\* Deposit Data as of March 31, 2004. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE																Geography: NEW YORK		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002	
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*								
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp				
<b>Full Review:</b>																			
New York-Queens-Kings Counties	9	100.00	2.20	0.00	11.02	22.22	38.59	55.56	48.19	22.22	0.00	0.00	0.01	0.01	0.00				

\* Based on 2002 Peer Mortgage Data -- East  
 \*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.  
 \*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: NEW YORK				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
<b>Full Review:</b>															
New York-Queens-Kings Counties	0	0.00	2.20	0.00	11.02	0.00	38.59	0.00	48.19	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2002 Peer Mortgage Data -- East

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: NEW YORK				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
<b>Full Review:</b>															
New York-Queens-Kings Counties	6	100.00	2.20	16.67	11.02	16.67	38.59	33.33	48.19	33.33	0.00	0.04	0.01	0.00	0.00

\* Based on 2002 Peer Mortgage Data -- East

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY		Geography: NEW YORK				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002						Market Share (%) by Geography*				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
New York-Queens-Kings Counties	3	100.00	13.43	0.00	23.58	66.67	26.69	33.33	36.30	0.00	0.03	0.00	0.00	0.11	0.00	

\* Based on 2002 Peer Mortgage Data -- East

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 1990 Census information.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: NEW YORK				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002						Market Share (%) by Geography*				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses**	% BANK Loans						
<b>Full Review:</b>																
New York-Queens-Kings Counties	142	100.00	6.02	6.67	20.03	41.48	26.84	27.41	47.12	24.44	0.02	0.04	0.05	0.03	0.01	

\* Based on 2002 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2002).

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: NEW YORK				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Families** *	% BANK Loans****	% Families* **	% BANK Loans*** *	% Families** *	% BANK Loans*** *	% Families***	% BANK Loans****					
<b>Full Review:</b>															
New York-Queens-Kings Counties	9	100.00	26.44	0.00	16.34	0.00	18.88	16.67	38.35	83.33	0.00	0.00	0.00	0.00	0.00

\* Based on 2002 Peer Mortgage Data -- East

\*\* As a percentage of loans with borrower income information available. No information was available for 33.3% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT		Geography: NEW YORK				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Families** *	% BANK Loans****	% Families* **	% BANK Loans*** *	% Families** *	% BANK Loans*** *	% Families***	% BANK Loans****					
<b>Full Review:</b>															
New York-Queens-Kings Counties	0	0.00	26.44	0.00	16.34	0.00	18.88	0.00	38.35	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2002 Peer Mortgage Data -- East

\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: NEW YORK				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					Market Share*				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Families**	% BANK Loans****	% Families**	% BANK Loans***	% Families**	% BANK Loans***	% Families***	% BANK Loans****					
<b>Full Review:</b>															
New York-Queens-Kings Counties	6	100.00	26.44	0.00	16.34	0.00	18.88	50.00	38.35	50.00	0.00	0.00	0.00	0.01	0.00

\* Based on 2002 Peer Mortgage Data -- East

\*\* As a percentage of loans with borrower income information available. No information was available for 33.3% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: NEW YORK			Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002			Market Share*	
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			All	Rev\$ 1 Million or Less
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000		
<b>Full Review:</b>									
New York-Queens-Kings Counties	142	100.00	64.36	83.80	17.61	28.87	53.52	0.02	0.07

\* Based on 2002 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
Geography: NEW YORK									
Evaluation Period: AUGUST 1, 1998 TO MAY 10, 2004									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
New York-Queens-Kings Counties	0	0	2	2,146	2	2,146	100.00	0	0

\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: NEW YORK																	
Evaluation Period: AUGUST 1, 1998 TO MAY 10, 2004																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
New York-Queens-Kings Counties	100.00	3	100.00	0.00	33.33	66.67	0.00	0	0	0	0	0	0	12.66	23.62	34.91	28.58

Tables of Performance Data

State of Maryland

Table 1. Lending Volume

LENDING VOLUME												Geography: MARYLAND		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002	
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)				
<b>Full Review:</b>															
Montgomery County	100.00	0	0	8	1,824	0	0	0	0	8	1,824	100.00			

\* Loan Data as of December 31, 2002. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from August 01, 1998 to May 10, 2004.

\*\*\* Deposit Data as of March 31, 2004. Rated Area refers to either the state, multi-state MA, or institution, as appropriate

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES															Geography: MARYLAND		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002	
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*							
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp			
<b>Full Review:</b>																		
Montgomery County	8	100.00	2.88	0.00	13.82	37.50	37.94	25.00	45.36	37.50	0.00	0.00	0.00	0.00	0.00			

\* Based on 2002 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2002).

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: MARYLAND			Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
<b>Montgomery County</b>	8	100.00	66.46	87.50	25.00	12.50	62.50	0.00	0.00

\* Based on 2002 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: MARYLAND			Evaluation Period: AUGUST 1, 1998 TO MAY 10, 2004				
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
<b>Montgomery County</b>	0	0	2	1,330	2	1,330	100.00	0	0

\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.



**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: MARYLAND				Evaluation Period: AUGUST 1, 1998 TO MAY 10, 2004									
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Montgomery County	100.00	1	100.00	0.00	100.00	0.00	0.00	1	0	0	+1	0	0	0.26	13.12	41.20	45.41