



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, 2008

Institution: First American International Bank
5503 Eighth Avenue
Brooklyn, New York 11220-3515

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

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of First American International Bank ("FAIB") prepared by the New York State Banking Department. The evaluation represents the Banking Department's current assessment and rating of the institution's CRA performance based on an evaluation conducted as of December 31, 2008.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income ("LMI") areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary be made available to the public ("Evaluation"). Evaluations of small banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Section 76.12. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

For an explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

FAIB's performance was evaluated according to the intermediate small bank performance criteria. FAIB is rated "2," indicating a **"Satisfactory"** record of helping to meet community credit needs. This rating is unchanged from the prior New York State Banking Department Performance Evaluation, which was conducted according to the small bank performance criteria, dated December 31, 2005. FAIB's rating is based on the following factors:

Lending Test – "Satisfactory"

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

FAIB's LTD ratio is reasonable in light of its size, financial condition and the credit needs of its assessment area. During the assessment period, FAIB had an average LTD ratio of 89% compared to its peers, which had an average LTD ratio of 88%.

- ***Assessment Area Concentration: "Satisfactory"***

For all three years of the evaluation, FAIB extended a majority of its HMDA-reportable and small business loans within its assessment area. The bank extended 85.9% by number and 90.3 by dollar volume of its HMDA-reportable loans and 78.2% by number and 72.7% by dollar volume of its small business loans in its assessment area.

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

The distribution of loans based on borrower characteristics reflected a reasonable penetration among individuals of different income levels and businesses of different revenue sizes. This was the result of reasonable HMDA-reportable lending performance and excellent small business lending performance.

The distribution of 1-4 family HMDA-reportable loans reflected a reasonable penetration rate to LMI individuals. In 2006 and 2007, the bank's LMI penetration rate for number of loans was higher than the market aggregate's. In 2007, FAIB's rate was almost double that of the aggregate's. The penetration rate for dollars lent matched the aggregate's penetration rate. In 2008, FAIB's penetration rate for LMI individuals decreased by half. Aggregate data were not available for comparison

The distribution of small business loans based on borrower characteristics reflected an excellent penetration among businesses of different revenue sizes. In 2006 and 2007, FAIB originated 99% of its small business loans to businesses with revenue of < = \$1MM. The aggregate data for 2006 and 2007 show that these businesses received less than a third of the total number of small business loans. FAIB's percentage of lending also exceeded the business demographic data.

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

The geographic distribution of loans reflected an excellent dispersion among census tracts of different income levels. This was the result of excellent geographic distribution of lending in both HMDA-reportable and small business loans.

The geographic distribution of HMDA-reportable loans reflected an excellent dispersion among census tracts of different income levels. FAIB extended 52.1% and 60.7% of the total number of HMDA-reportable loans in LMI geographies in 2006 and 2007, respectively. This performance was far superior to the aggregate’s LMI penetration rates for both years. Although the bank’s LMI penetration rate decreased to 46.8% in 2008, it continued to exceed the demographics.

FAIB’s geographic distribution of small business loans reflected an excellent dispersion among census tracts of different income levels. FAIB originated 58.8% of its small business loans in LMI geographies during the current evaluation period. The dispersion of its small business loans in LMI geographies demonstrated an upward trend from 49.2% in 2006 to 57.9% in 2007 and 67.7% in 2008. These LMI penetration rates were significantly above the aggregate’s penetration rates. In addition, FAIB’s LMI penetration rates compared favorably with the 26.9% of total small businesses located in such geographies.

- **Action Taken in Response to Written Complaints With Respect to CRA: “Satisfactory”**

Since the prior CRA evaluation on December 31, 2005, neither FAIB nor the New York State Banking Department has received any written complaints regarding its CRA performance.

Community Development Test: “Satisfactory”

FAIB’s community development performance demonstrated an adequate responsiveness to the community development needs of its assessment area through community development lending. During the evaluation period, FAIB’s community development loans totaled \$39.2 million, all of which was new money.

FAIB also provided an adequate level of community development services throughout the assessment area.

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

PERFORMANCE CONTEXT

Institution's Profile:

Chartered in 1999, FAIB is a New York State chartered commercial bank headquartered in Brooklyn, New York, and is insured by the Federal Deposit Insurance Corporation ("FDIC").

As per the FDIC Consolidated Report of Condition ("Call Report") as of December 31, 2008, FAIB reported total assets of \$604.4MM, of which \$508.1MM were loans and lease finance receivables. It also reported total deposits of \$519.3 MM, resulting in a loan-to-deposit ratio of 97.84%. According to the latest available comparative deposit data dated June 30, 2008, FAIB obtained a market share of .10%, or \$476.9 MM out of \$501.1 billion inside its market¹, ranking it 48th among 119 deposit-taking institutions in Kings, Queens, New York and Richmond Counties.

FAIB operates nine banking offices, of which two, including the main office, are located in Kings County; three are in New York County, and four are in Queens County. While Richmond County is part of FAIB's assessment area, FAIB has no branches in this county.

The following is a summary of FAIB's lending portfolio, based on Schedule RC-C of the year-end Call Report 2006, and 2007 and 2008:

TOTAL GROSS LOANS OUTSTANDING						
LOAN TYPE	12/31/2006		12/31/2007		12/31/2008	
	\$0	%	\$0	%	\$0	%
1-4 Residential Mortgage Loans	24,237	8.3	35,566	8.4	46,243	9.0
Commercial & Industrial Loans	2,804	1.0	5,461	1.3	7,402	1.4
Commercial Mortgage Loans	165,601	56.8	236,115	56.0	288,283	56.0
Multifamily Mortgages	19,415	6.7	19,271	4.6	23,178	4.5
Consumer Loans	1,051	0.4	1,125	0.3	958	0.2
Construction Loans	78,536	26.9	123,773	29.4	148,912	28.9
Total Gross Loans	291,644	100.0	421,311	100.0	514,976	100.0

As illustrated in the above chart, FAIB's loan portfolio consists primarily of commercial mortgage loans (56.0%) followed by construction loans (28.9%).

- FAIB offers various competitive lending and deposit products tailored to the needs of the community it serves. These products include residential mortgage loans, small business loans and consumer loans. In addition, FAIB offers High Yield Savings, Life Insurance, Wire Transfers and Safe Deposit Boxes. FAIB's Basic Banking Account has no monthly fee or transaction charges if the average balance is \$200 or more.

¹ The FDIC bases its Summary of Deposits on data collected annually as of June 30.

FAIB operates in a highly competitive market with the presence of large regional and national banks in its assessment area. FAIB's branches and loan offices are located throughout New York City's Chinese and Asian American communities. Its competitors include United Commercial Bank, Cathay Bank, Abacus Federal Savings Bank and Asia Bank National Association.

In 2006, FAIB ranked 132nd out of 539 HMDA-reporting lenders within its assessment area. This ranking reflects a market share of 0.09% based on the number of loans with an average loan size of \$381 thousand. In 2007, it ranked 109th out of 490 HMDA-reporting lenders within its assessment area. This ranking reflects a market share of 0.12% based on the number of loans with an average loan size of \$575 thousand.

FAIB is a certified Community Development Financial Institution ("CDFI"). During the evaluation period, FAIB received awards totaling \$1.7 million through the CDFI's Bank Enterprise Award ("BEA") Program, for community development activities within economically distressed areas.

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

Assessment Area:

FAIB's assessment area is composed of Kings, Queens, New York, and Richmond Counties, in their entirety located in a Metropolitan Division ² (MD #356404). The assessment area contains 1,862 census tracts.

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

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

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

Demographic & Economic Data:

Demographic data regarding the owner-occupied housing units and small businesses located in LMI census tracts, as well as families that are LMI and businesses with revenues of less than \$ 1MM, are included in the appropriate sections.

². MSA/MD – An area that has at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree.

According to the 2000 U.S. Census Bureau, the assessment area had a population of 6.675 thousand. About 12.04% of the population were over the age of 65 and 21.5% were under the age of 16.

Of the 1,552 thousand families in the assessment area, 28.4% were low-income, 16.3% were moderate-income, 17.2% were middle-income and 38.1 were upper- income families. There were 2,559 thousand households in the assessment area, of which 18% had income below the poverty level and 6.3% were on public assistance.

According to the 2000 U.S. Census, the MSA median family income within the assessment area was \$51 thousand. The U.S. Department of Housing and Urban Development (“HUD”) estimated median family income for the area was \$59.2 thousand in 2006, \$59.5 thousand in 2007 and \$63 thousand in 2008.

There were 2,710 thousand housing units within the assessment area, including 1,122 thousand (41.4%) one- to four-family units and 1,588 thousand (58.6%) multifamily units. A majority (66.8%) of the area’s housing units were rental units , while 30.3% were owner-occupied units. Of the 822 thousand owner-occupied housing units, 19% were in LMI geographies while 34.1% were in middle-income areas. The median age of the housing stock was 58 years and the home value in the assessment area was \$256 thousand.

There were 588 thousand businesses in the assessment area. Of these 67% were businesses with reported revenues of less than or equal to \$1 million, 6.1% reported revenues of more than \$1 million and 27% did not report their revenues. Of all the businesses in the assessment area, 74.7% were businesses with less than fifty employees while 93% operated from a single location. The largest industries in the area were service providers (37.5%), followed by retail trade companies (16.2%) and construction firms (4.5%), while 18.7% of establishments in the assessment area were not classified. 27.2% of businesses are located in LMI geographies.

The chart below reflects the annual unemployment rates compared with the statewide and Metropolitan Division, based on the U.S. Bureau of Labor Statistics. The unemployment rates for both New York State, and the respective assessment geographies rose in 2008 due to the economic slowdown.

Assessment Area Annual Unemployment Rate						
	State-wide	MD 35644	Kings County	Queens County	New York County	Richmond County
2006	4.60	4.80	5.30	4.50	4.30	4.50
2007	4.50	4.70	5.30	4.40	4.20	4.40
2008	5.40	5.50	5.90	4.90	4.90	5.00

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

FAIB's performance was evaluated according to the intermediate small bank's Lending and Community Development tests pursuant to part 76.12 of the General Regulations of the Banking Board. The Lending test includes the following criteria: (1) Loan-to-Deposit Ratio and other Lending-Related Activities; (2) Assessment Area Concentration; (3) Distribution by Borrower Characteristics (4) Geographic Distribution of Loans and (5) Action Taken in Response to Written Complaints Regarding CRA. The Community Development test entails the review of: (1) Community Development Loans (2) Community Development Qualified Investments and (3) Community Development Services. The following factors were also considered in assessing FAIB's record of performance: the extent of participation by the Board of directors or Board of Trustees in formulating CRA policies and reviewing CRA performance; any practices intended to discourage credit applications, evidence of prohibited discriminatory or other illegal credit practices; record of opening and closing offices and providing services at offices; and process factors such as activities to ascertain credit needs and the extent of marketing and special credit related programs. Finally, the evaluation considered other factors as delineated in Section 28-b of the Banking Law that reasonably bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

The assessment period covers 2006 to 2008. HMDA- reportable and small business loans within the assessment area were considered in evaluating factors (3), and (4). Small business loan aggregate data are shown for comparative purposes, FAIB is not required to report this data and as such, FAIB is not included in the aggregate data.

Statistics employed in this evaluation were derived from various sources. In addition to specific loan information submitted by FAIB, the aggregate loan data were obtained from the Federal Financial Institutions Examination Council ("FFIEC"). The demographic data referenced in this evaluation were obtained from the 2000 U.S. Census Data with updated median family income figures provided by the U. S. Department of Housing and Urban Development ("HUD"). Business demographic data used in this report derive from information on US businesses, enhanced by Dun & Bradstreet and updated annually.

FAIB received a rating of "2," reflecting a "Satisfactory" record of helping to meet community credit needs at its **prior** Performance Evaluation conducted by the New York State Banking Department under the small bank criteria, as of December 31, 2005.

CRA Rating: "Satisfactory"

The assessment period included calendar years 2006, 2007 and 2008.

I. Lending Test: "Satisfactory"

- **Loan To Deposit ("LTD") Ratio Analysis and other Lending-Related Activities:**
"Satisfactory"

FAIB's LTD ratio is reasonable in light of its size, financial condition and the credit needs of its assessment area. During the assessment period, FAIB had an average ratio of 89% compared to its peers, which had an average LTD ratio of 88%.

Loan-to-Deposit Ratios													
Year	2006 (Q1)	2006 (Q2)	2006 (Q3)	2006 (Q4)	2007 (Q1)	2007 (Q2)	2007 (Q3)	2007 (Q4)	2008 (Q1)	2008 (Q2)	2008 (Q3)	2008 (Q4)	Average LTD
Bank	77.2	82.6	75.6	80.2	86.9	85.5	97.0	91.5	95.8	98.4	98.5	97.8	88.9
Peer	85.5	87.0	87.6	86.8	86.6	87.9	88.6	89.5	89.5	91.0	91.1	89.3	88.4

These ratios were calculated from information shown in the bank's Uniform Bank Performance Report ("UBPR") prepared by the Federal Deposit Insurance Corporation ("FDIC"). While, FAIB started with a LTD ratio lower than the peer group's in the first quarter of 2006, its ratios increased at a faster rate than the peer group's during the evaluation period.

- **Assessment Area Concentration: "Satisfactory"**

For all three years of the evaluation, FAIB extended a majority of its HMDA-reportable and small business loans within its assessment area. The bank extended 85.9% by number and 90.3% by dollar volume of its HMDA-reportable loans and 78.2% by number and 72.7% by dollar volume of its small business loans in its assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2006	115	87.8	16	12.2	131	43,934	92.1	3,784	7.9	47,682
2007	89	84.0	17	16.0	106	51,211	89.7	5,884	10.3	57,095
2008	297	85.8	49	14.2	346	133,349	90.0	14,874	10.0	148,223
Subtotal	501	85.9	82	14.1	583	228,494	90.3	24,542	9.7	253,000
Small Business										
2006	59	85.5	10	14.5	69	22,050	84.8	3,964	15.2	26,014
2007	38	70.4	16	29.6	54	14,107	69.7	6,132	30.3	20,239
2008	68	77.3	20	22.7	88	23,731	65.7	12,383	34.3	36,114
Subtotal	165	78.2	46	21.8	211	59,888	72.7	22,479	27.3	82,367
Total	666	83.9	128	16.1	794	288,382	86.0	47,021	14.0	335,367

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

The distribution of loans based on borrower characteristics reflected a reasonable penetration among individuals of different income levels and businesses of different revenue sizes. This was the result of reasonable HMDA-reportable lending performance

and excellent small business lending performance.

1-4 Family HMDA-Reportable Loans: "Satisfactory"

The distribution of 1-4 family HMDA-reportable loans reflected a reasonable penetration rate among LMI individuals.

In 2006 and 2007, the bank's LMI penetration rate for number of loans was higher than the market aggregate's. In 2007, FAIB's rate was almost double that of the aggregate's. The penetration rate for dollars lent matched the aggregate's penetration rate. In 2008, FAIB's penetration rate to LMI individuals decreased by half. Aggregate data were not available for comparison FAIB's volume of lending was down about 20%. Across New York State, existing home sales declined by 23% from 1Q 2008 to 1Q 2009 and permits for new construction declined by 60%.

Both FAIB's and the aggregate's LMI penetration rates were significantly below the family demographics. However, as the median housing value in the assessment area is high relative to median income, this is to be expected. The following chart provides a summary of FAIB's HMDA lending distribution during the evaluation period, including a comparison to the aggregate's record and the family demographics in the assessment area (percentage of families at each borrower income level):

^Distribution of 1-4 Family HMDA-Reportable Loans by Borrower Income Level													
2006													
Borrower	Bank				Aggregate				Family Demographics				
Income Level	#	%	\$000	%	#	%	\$000	%					
Low	1	1.1	100	0.3	935	0.7	133,359	0.3	28.4%				
Moderate	4	4.5	490	1.5	4,826	3.8	703,215	1.6	16.3%				
Middle	14	15.7	2,522	8.0	15,515	12.1	3,181,832	7.2	17.2%				
Upper	54	60.7	20,761	65.6	99,048	77.0	37,421,155	84.2	38.1%				
N/A	16	18.0	7,787	24.6	8,340	6.5	3,010,198	6.8					
Total	89	100.0	31,660	100.0	128,664	100.0	44,449,759	100.0	100.0%				
2007													
Borrower	Bank				Aggregate				Family Demographics				
Income Level	#	%	\$000	%	#	%	\$000	%					
Low	1	1.4	70	0.2	607	0.6	87,463	0.2	28.4%				
Moderate	5	7.0	424	1.4	3,696	3.8	533,209	1.4	16.3%				
Middle	8	11.3	1,732	5.6	11,917	12.2	2,478,296	6.5	17.2%				
Upper	43	60.6	17,064	55.1	75,483	77.1	32,241,866	84.6	38.1%				
N/A	14	19.7	11,655	37.7	6,163	6.3	2,786,193	7.3					
Total	71	100.0	30,945	100.0	97,866	100.0	38,127,027	100.0	100.0%				
2008													
Borrower	Bank				Aggregate Data is not Available				Family Demographics				
Income Level	#	%	\$000	%									
Low	0	0.0	0	0.0									28.4%
Moderate	12	4.3	1,809	1.6									16.3%
Middle	53	19.1	13,345	11.8									17.2%
Upper	201	72.6	92,009	81.3									38.1%
N/A	11	4.0	6,054	5.3									
Total	277	100.0	113,217	100.0					100.0%				

^ Chart does not include multi-family lending, which is included in HMDA chart for income of geography.

Small Business Loans: "Outstanding"

The distribution of small business loans based on borrower characteristics reflected an excellent penetration among businesses of different revenue sizes.

In 2006 and 2007, FAIB originated 99% of its small business loans to businesses with revenue of < = \$1MM. The aggregate data for 2006 and 2007 show that these businesses received less than a third of the total number of small business loans. FAIB's percentage of lending also exceeded the business demographic data.

While the lending to businesses with revenues of < = \$ 1MM appeared to decline in 2008, this was largely due to problems with data reporting, which led to an increase in the number of loans where the revenue size was not available.

The following chart provides a summary of the bank's small business lending distribution during the evaluation period, including a comparison to the aggregate's record and the demographics of the businesses in the assessment area (percentage of businesses in each revenue category):

Distribution of Small Business Loans by Business Revenue Size									
2006									
Revenue	Bank				Aggregate				Business Demographics
Size	#	%	\$000	%	#	%	\$000	%	
<= \$ 1 MM	58	98.3	21,050	95.5	104,719	29.5	2,512,934	40.2	65.7%
> \$ 1 MM	1	1.7	1,000	4.5	249,949	70.5	3,740,339	59.8	7.0%
No Revenue Info		0.0		0.0		0.0		0.0	27.3%
Total	59	100.0	22,050	100.0	354,668	100.0	6,253,273	100.0	100.0%
2007									
Revenue	Bank				Aggregate				Business Demographics
Size	#	%	\$000	%	#	%	\$000	%	
<= \$ 1 MM	38	100.0	14,107	100.0	117,616	31.0	2,773,834	38.6	68.3%
> \$ 1 MM		0.0		0.0	261,591	69.0	4,419,109	61.4	6.8%
No Revenue Info		0.0		0.0		0.0		0.0	24.9%
Total	38	100.0	14,107	100.0	379,207	100.0	7,192,943	100.0	100.0%
2008									
Revenue	Bank				Aggregate Data is Not Available				Business Demographics
Size	#	%	\$000	%					
<= \$ 1 MM	44	64.7	18,571	78.3					66.9%
> \$ 1 MM	4	5.9	1,050	4.4					6.1%
No Revenue Info	20	29.4	4,110	17.3					27.0%
Total	68	100.0	23,731	100.0	100.0%				

Geographic Distribution of Loans: “Outstanding”

The geographic distribution of loans reflected an excellent dispersion among census tracts of different income levels. This was the result of excellent geographic distribution of lending in both HMDA-reportable and small business loans.

HMDA-Reportable Loans: “Outstanding”

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

FAIB extended 52.1% and 60.7% of the total number of HMDA-reportable loans in LMI geographies in 2006 and 2007, respectively. This performance was far superior to the aggregate’s LMI penetration rates for both years. Although the bank’s LMI penetration rate decreased to 46.8% in 2008, it continued to exceed the demographics.

Of the total number of HMDA-reportable loans originated by FAIB in its assessment area, one- to four-family residential mortgage loans represented 87.2% and multi-family mortgage loans accounted for 12.8%.

The following chart provides a summary of the bank’s HMDA lending distribution during the evaluation period, including a comparison to the aggregate’s record and the presence of owner-occupied housing units in the assessment area:

Distribution of HMDA-reportable Loans by Geographic Income Level													
2006													
Geography	Bank				Aggregate				Owner-Occupied Housing Units				
Income Level	#	%	\$000	%	#	%	\$000	%					
Low	9	7.8	5,378	12.2	7,129	5.4	2,695,276	5.5	2.3%				
Moderate	51	44.3	20,857	47.5	29,293	22.3	10,694,461	21.7	16.7%				
Middle	38	33.0	11,943	27.2	48,121	36.7	15,052,711	30.5	34.1%				
Upper	17	14.8	5,756	13.1	46,657	35.5	20,882,370	42.3	46.9%				
N/A	0	0.0	0	0.0	76	0.1	46,960	0.1					
Total	115	100.0	43,934	100.0	131,276	100.0	49,371,778	100.0	100.0%				
2007													
Geography	Bank				Aggregate				Owner-Occupied Housing Units				
Income Level	#	%	\$000	%	#	%	\$000	%					
Low	7	7.9	6,788	13.3	4,761	4.7	2,434,297	5.5	2.3%				
Moderate	47	52.8	26,226	51.2	20,540	20.5	8,728,199	19.8	16.7%				
Middle	23	25.8	10,861	21.2	33,482	33.3	11,372,466	25.8	34.1%				
Upper	12	13.5	7,336	14.3	41,572	41.4	21,478,164	48.7	46.9%				
N/A	0	0.0		0.0	71	0.1	92,880	0.2					
Total	89	100.0	51,211	100.0	100,426	100.0	44,106,006	100.0	100.0%				
2008													
Geography	Bank				Aggregate Data is Not Available				Owner-Occupied Housing Units				
Income Level	#	%	\$000	%									
Low	16	5.4	8,588	6.4									2.3%
Moderate	123	41.4	57,180	42.9									16.7%
Middle	118	39.7	46,861	35.1									34.1%
Upper	40	13.5	20,720	15.5									46.9%
Total	297	100.0	133,349	100.0									

Small Business Loans: "Outstanding"

FAIB's geographic distribution of small business loans reflected an excellent dispersion among census tracts of different income levels.

FAIB originated 58.8% of its small business loans in LMI geographies during the current evaluation period. The dispersion of its small business loans in LMI geographies demonstrated an upward trend from 49.2% in 2006 to 57.9% in 2007 and 67.7% in 2008. These LMI penetration rates were significantly above the aggregate's penetration rates. In addition, FAIB's LMI penetration rates compared favorably with the 27% of total small businesses located in such geographies.

The following chart provides a summary of the bank's small business lending distribution during the evaluation period, including a comparison to the aggregate's record and the business demographics (businesses located in each geography income level):

Distribution of Small Business Loans by Geographic Income Level									
2006									
Geography	Bank				Aggregate				Business Demographics
Income Level	#	%	\$000	%	#	%	\$000	%	%
Low	5	8.5	1,760	8.0	16,404	4.6	310,931	5.0	6.3
Moderate	24	40.7	8,145	36.9	63,494	17.9	1,096,335	17.5	20.4
Middle	19	32.2	6,697	30.4	83,828	23.6	1,378,752	22.0	22.2
Upper	11	18.6	5,448	24.7	187,422	52.8	3,362,491	53.8	49.8
N/A		0.0		0.0	3,520	1.0	104,764	1.7	1.3
Total	59	100.0	22,050	100.0	354,668	100.0	6,253,273	100.0	100.0
2007									
Geography	Bank				Aggregate				
Income Level	#	%	\$000	%	#	%	\$000	%	
Low	9	23.7	3,128	22.2	18,688	4.9	343,551	4.8	6.4
Moderate	13	34.2	4,716	33.4	71,917	19.0	1,253,367	17.4	20.5
Middle	15	39.5	5,563	39.4	93,565	24.7	1,571,870	21.9	22.2
Upper	1	2.6	700	5.0	191,582	50.5	3,894,755	54.1	49.7
		0.0		0.0	3,455	0.9	129,400	1.8	1.3
Total	38	100.0	14,107	100.0	379,207	100.0	7,192,943	100.0	100.0
2008									
Geography	Bank				Aggregate Data is Not Available				
Income Level	#	%	\$000	%					
Low	15	22.1	5,883	24.8					6.5
Moderate	31	45.6	9,733	41.0					20.7
Middle	16	23.5	5,215	22.0					22.4
Upper	6	8.8	2,900	12.2					49.1
	0	0.0	0	0.0					1.3
Total	68	100.0	23,731	100.0	100.0				

Action Taken In Response to Written Complaints With Respect to CRA:
“Satisfactory”

Since the prior CRA evaluation on December 31, 2005, neither FAIB nor the New York State Banking Department has received any written complaints regarding its CRA performance.

II. Community Development Test: “Satisfactory”

FAIB’s community development performance demonstrated an adequate responsiveness to the community development needs of its assessment area through community development lending.

FAIB’s capacity, the needs and availability of opportunities for community development in its assessment area were considered.

Community Development Loans

During the evaluation period, FAIB's community development loans totaled \$39.2 million, all of which was new money. Community development loans were extended to provide financing for affordable housing serving low-and moderate-income persons, reflecting a strong commitment to the community and CRA.

The following is a description of some of the bank's community development loans:

- A \$1.8 million commercial mortgage loan was extended to a borrower to purchase a 5-story building (4 stores and 18 apartments) that will provide affordable housing to low-and moderate-income individuals within a low-income geography.
- A \$900,000 commercial mortgage loan was extended to a real estate holding company to acquire a mixed-use property (3 commercial units and 8 residential units) located in a moderate-income area in Manhattan.
- A \$1,100,000 loan was made to a real estate holding company to purchase a four-story mixed-use building with two stores and six apartments. The property is located in a low-income area in Manhattan that has seen significant growth in the past few years.

FAIB is a certified Community Development Financial Institution ("CDFI"). During the evaluation period, FAIB received awards totaling \$1.7 million through the CDFI's Bank Enterprise Award ("BEA") Program, for community development activities within economically distressed areas.

Community Development Investments

FAIB did not have any qualified investments during the evaluation period.

Community Development Services

FAIB provided an adequate level of community development services throughout the assessment area. The following is a sample of organizations and the services rendered:

- Since 2007, FAIB's Executive Director has served on the board of the Chinatown Partnership Local Development Corporation (CPLDC) and its Finance Committee. This organization provides technical assistance on financial matters to non-profit organizations serving LMI areas for their economic revitalization and development needs. Since 2008, he has chaired the task force responsible for the formation of a Business Development District.
- Since 2008, FAIB's senior management has provided technical assistance on financial matters to the Chinese American Planning Council, one of the largest non-profit agencies serving low- and moderate-income Asian individuals and seniors.

- FAIB has established school savings programs for LMI individuals to encourage financial literacy education in the community. To help parents educate children about the significance of saving, the bank has introduced a “Kid’s Savings Passbook” program.
- FAIB held a series of free “Home Mortgage & Refinancing” and “Retirement Savings” seminars in some of its Brooklyn and Manhattan branches, where predominantly LMI Chinese Americans reside. The seminars were for new immigrants who had limited knowledge about banking services and home ownership.

The following factors were also considered in assessing FAIB’s record of performance:

- **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.**

FAIB has established a CRA committee, comprised of management representation from various functional areas of the bank, including Compliance, Loan Operations, Loan Sales, Branch Management, Accounting and Human Resources. The committee meets every quarter to go over a CRA self-assessment analysis package, to monitor compliance with CRA and to discuss CRA-related topics and issues. During board meetings, the board of directors is kept abreast of the latest CRA self-assessment results, CRA issues, and CRA Committee minutes. The board of directors approves the CRA policies. Another aspect of the board and management involvement in the bank’s CRA efforts includes serving on the boards of major community organizations. Management’s involvement with community organizations is highlighted in the community development services section of the evaluation.

- **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 FAIB.

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance and fair lending examinations conducted as of March 31, 2006 indicated satisfactory adherence to anti-discrimination and other applicable laws and regulations. No evidence of prohibited discriminatory or other illegal credit practices was noted.

- **The banking institution's record of opening and closing offices and providing services at offices;**

FAIB operates nine banking offices, of which two, including the main office, are located in Kings County; three are in New York County, and four are in Queens County. Of the nine banking offices, three are in low-income areas, five are in moderate-income areas, and one is in a middle-income area. Supplementing the banking offices is an Automated-Teller-Machine ("ATM") network for each of its branch locations. While Richmond County is part of the assessment area, FAIB has no branches in this county.

Three branches were opened in Queens County during the evaluation period. No branches were closed since the prior evaluation, but the Elmhurst branch is temporarily out of service due to a fire that happened during the evaluation period. The projection is to re-open the Elmhurst branch in 2009 after the renovations are completed.

- **Process Factors**

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

FAIB seeks advice and ideas for community development programs from the FAIB Advisory Group, a community board composed primarily of civic leaders, business professionals and resident representatives of FAIB's local communities. One of the Advisory Group's functions is to advise FAIB of changes in the community's needs for various financial services, including credit needs, particularly for low-and moderate-income individuals and geographies. The bank periodically reviews the progress of the community development programs with the Advisory Group.

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

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

- **Other Factors**

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

None.

GLOSSARY

Aggregate Penetration Rate

The number of loans originated and purchased by all reporting lenders in specified categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the assessment area.

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;

- ❖ 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.

Income Level

The income level of the person, family or household is based on the income of person, family or household. A geography’s income is categorized by median family income for the geography. In both cases, the income is compared to the MSA or statewide nonmetropolitan median income.

Income level of individual or geography	% of the area median income
Low-income	Less than 50
Moderate-income	At least 50 and less than 80
Middle-income	At least 80 and less than 120
Upper-income	120 or more

Loans to Small Businesses

Small business loans to businesses with gross annual revenues (“GAR”) of \$1 million or less (“< = \$ 1MM”).

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

Individuals or persons 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 in LMI geographies or to LMI borrowers.

Small Business Loans

Loans to businesses with original amounts of \leq \$1MM.