



**NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
FINANCIAL FRAUDS AND CONSUMER PROTECTION DIVISION**

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: June 30, 2013

Institution: First American International Bank
5503 8th Avenue
Brooklyn, New York 11220

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Department of Financial Services 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 Department of Financial Services (the “Department” or “DFS”). This evaluation represents the Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of June 30, 2013.

Section 28-b of the New York Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Financial Services 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 Superintendent implements Section 28-b and further requires that the 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 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 (“Evaluation”) be made available to the public. Evaluations of banking institutions are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 through 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York 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

DFS evaluated FAIB according to the intermediate small bank performance criteria pursuant to Part 76.7 and Part 76.12 of the General Regulations of the Superintendent. The assessment period included calendar years 2009, 2010, 2011, 2012, and the first six months of 2013. FAIB is rated "2," indicating a "**Satisfactory**" record of helping to meet community credit needs.

The rating is based on the following factors:

Lending Test: "Outstanding"

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

FAIB's average LTD ratio of 89.1% was reasonable considering its size, business strategy, financial condition and peer group activity.

During the evaluation period, FAIB's average LTD ratio was 89.1%, with a high of 101% as of June 30, 2013 and a low of 79.7% as of March 31, 2013. The bank's average LTD ratio was 10.9% greater than its peer group of insured commercial institutions with total assets of \$300 million to \$1 billion.

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

During the evaluation period, FAIB originated 91.7% by number and 92.9% by dollar value of its HMDA-reportable loans within the assessment area. This substantial majority of lending was an excellent record of lending within FAIB's assessment area.

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

FAIB's HMDA-reportable lending based on borrower characteristics demonstrated an excellent distribution of lending among borrowers of different income levels.

Overall, during the evaluation period, FAIB originated 72 home mortgage loans to low-income borrowers and 504 loans to moderate-income borrowers. The rate of lending to LMI borrowers outperformed the aggregate level by 10.9% by number of loans and 8.4% by dollar value. In each year of the evaluation period, the rate of lending to LMI borrowers outperformed the aggregate levels, by both number of loans and dollar value.

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

The distribution of HMDA loans based on lending in census tracts of varying income levels demonstrated an excellent rate of lending.

Collectively, FAIB made 81 home mortgage loans in low-income tracts and 856 loans in moderate-income tracts. FAIB’s lending in low-income tracts was comparable to aggregate lending performance. The bank’s lending in moderate-income census tracts significantly outperformed aggregate lending by 18.9% by number and 20.9% by dollar value of loans. Each year, the bank’s lending in LMI census tracts outperformed the percentage of owner occupied units and aggregate lending data.

Action Taken in Response to Written Complaints With Respect to CRA:

Since the prior CRA evaluation, as of December 31, 2008, neither FAIB nor DFS received any written complaints regarding FAIB’s CRA performance.

Community Development Test (Loans, Investments, Services): “Satisfactory”

FAIB’s community development performance demonstrated an adequate responsiveness to the community development needs of its assessment area through community development loans, investments, and services, considering FAIB’s capacity and the need and availability of such opportunities in its assessment area.

- **Community Development Loans:** “Satisfactory”

During the evaluation period, FAIB had 13 qualified community development loans on the books totaling approximately \$7.3 million, of which \$1.8 million was new money and \$5.5 million was from prior evaluation periods. The current lending level of community development loans represented 0.31% of FAIB’s assets on an annualized basis. This demonstrated an adequate level of community development lending over the course of the evaluation period.

- **Community Development Qualified Investments:** “Satisfactory”

During the evaluation period, FAIB made \$927,000 in community development investments, all of which was new money and included \$186,000 thousand in the form of grants to the community. The ratio of community development investments to annualized total assets was 0.04% compared to no qualifying investments in the prior evaluation period. This demonstrated an adequate level of community development investments over the course of the evaluation period

- **Community Development Services:** “Outstanding”

FAIB provided an excellent level of community development services over the course of the evaluation period.

- **Innovative or Complex Practices:**

FAIB demonstrated an adequate level of flexible community development practices.

- **Responsiveness to Credit and Community Development Needs:**

FAIB demonstrated excellent responsiveness to the credit and community development needs of 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 Banking Law and Part 76 of the General Regulations of the Superintendent.

PERFORMANCE CONTEXT

Institution Profile:

Chartered in New York State in 1999, FAIB is a commercial bank headquartered at 5503 Eighth Avenue, Brooklyn, New York. It is insured by the Federal Deposit Insurance Corporation (“FDIC”) and a wholly owned subsidiary of First American International Corp.

FAIB primarily serves the Chinese-American communities in three New York City boroughs. It offers a full array of deposit products and banking services for both consumers and commercial customers. FAIB focuses on construction and real estate development loans, as well as providing 1-4 family residential mortgage loans. The majority of these loans are sold to the Federal National Mortgage Association, with FAIB servicing the loans.

Since inception, FAIB has made commercial real estate and affordable home loans in distressed communities a primary lending focus. It is a certified community development financial institution (“CDFI”). FAIB has been the recipient of the Bank Enterprise Award every year since 2002. In addition, FAIB is also an approved Small Business Administration lender.

Per the Consolidated Report of Condition (the “Call Report”) as of June 30, 2013, filed with the FDIC, FAIB reported total assets of \$517.9 million, of which \$341.3 million were net loans and lease finance receivables. It also reported total deposits of \$424.4 million, resulting in a loan-to-deposit ratio of 80.4%. According to the latest available comparative deposit data as of June 30, 2013, FAIB had a market share of 0.05%, or \$424.4 million in a market of \$829.2 billion inside its market, ranking it 52nd among 108 deposit-taking institutions in the assessment area.

The following is a summary of FAIB’s loan portfolio, based on Schedule RC-C of the Call Reports ending December 31, 2009, 2010, 2011, 2012 and June 30, 2013.

TOTAL GROSS LOANS OUTSTANDING										
Loan Type	2009		2010		2011		2012		6/30/2013	
	\$000's	%	\$000's	%	\$000's	%	\$000's	%	\$000's	%
1-4 Family Residential Mortgage Loans	51,896	10.0	88,510	17.3	111,922	27.3	143,524	38.6	172,127	48.9
Commercial Mortgage Loans	284,532	54.9	252,828	49.5	193,879	47.3	166,989	44.9	147,109	41.8
Commercial & Industrial Loans	12,299	2.4	11,819	2.3	11,915	2.9	9,348	2.5	4,550	1.3
Multifamily Mortgages	24,299	4.7	22,390	4.4	19,593	4.8	15,812	4.3	14,836	4.2
Construction - 1-4 family residential	1,581	0.3	613	0.1	0	0.0	0	0.0	0	0.0
Construction - non-residential	142,418	27.5	134,411	26.3	72,397	17.7	35,475	9.5	12,661	3.6
Consumer Loans	804	0.2	580	0.1	237	0.1	539	0.1	544	0.2
Total Gross Loans	517,829		511,151		409,943		371,687		351,827	

As illustrated in the above table, FAIB is primarily a residential real estate lender, with 53.1% of its loan portfolio in residential mortgage loans as of June 30, 2013.

FAIB operates nine banking offices, of which two are located in Brooklyn, three in Manhattan and four in Queens. Seven or 77.8% of FAIB's branches are located in low- or moderate-income census tracts. The two branches in Flushing, Queens (low-income tracts) and the branch in Elmhurst, Queens (middle-income tract) have two automated teller machines ("ATMs") each, and the remaining branches have one each. All branches are open from 8:30 AM to 4:00 PM Monday through Friday. Four branches are open from 10:00 AM to 2:00 PM Saturday and Sunday. One branch is open on Saturday only during the weekend, and all four are open on Sunday.

DFS is not aware of any financial or legal impediments that had an adverse impact on FAIB's ability to meet the credit needs of its community.

Assessment Area:

FAIB's assessment area is comprised of all of Kings, New York, Queens, and Richmond counties which are part of the New York-Wayne-White Plains, NY-NJ Metropolitan Division (MD) #35644.

There are 1,829 census tracts in the area, of which 163 are low-income, 477 are moderate-income, 590 are middle-income, 545 are upper-income, and 54 are tracts with no income indicated.

Assessment Area Census Tracts by Income Level							
County	N/A	Low	Mod	Middle	Upper	Total	LMI %
Kings	13	108	269	234	137	761	49.5
New York	12	37	65	23	151	288	35.4
Queens	26	16	134	303	190	669	22.4
Richmond	3	2	9	30	67	111	9.9
Total	54	163	477	590	545	1,829	35.0

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

Demographic & Economic Data:

The assessment area had a population of 6.8 million during the examination period. About 12.3% of the population were over the age of 65 and 18.2% were under the age of sixteen.

Of the 1.5 million families in the assessment area, 27.2% were low-income, 16.4% were moderate-income, 16.8% were middle-income, and 39.6% were upper-income families. There were 2.6 million households in the assessment area, of which 16.4%

had income below the poverty level and 3.4% were on public assistance.

The weighted average median family income within the assessment area was \$70,151. New York County is one of the wealthiest counties in the country with a weighted average median family income of \$104,415.

There were 2.8 million housing units within the assessment area, of which 42.2% were one-to-four family units, and 57.8% were multifamily units. Renter-occupied housing units represented a majority of the area's housing units at 58.8% while 32.1% were owner-occupied units.

Of the 1.7 million renter-occupied housing units, 46.7% were in low- and moderate-income census tracts and 53.3% were in middle- and upper-income census tracts. Average monthly gross rent was \$1,172.

Only 19.0% of owner-occupied housing units were in LMI census tracts while 81.0% were in middle- and upper-income census tracts. The median age of the housing stock was 67 years and the median home value was \$564,021.

There were 583,968 non-farm businesses in the assessment area. Of these, 71.8% were businesses with reported revenues of less than or equal to \$1 million, 5.6% reported revenues of more than \$1 million, and 22.7% did not report their revenues. Of all the businesses in the assessment area, 78.3% were businesses with less than fifty employees and 93.7% operated from a single location. The largest industries in the area were services (44.7%), retail trade (14.7%) and finance, insurance and real estate (9.0%), while 14.4% of businesses were not classified.

According to the New York State Department of Labor, the average unemployment rate for New York State for the last four years was 8.5%. In FAIB's assessment area, Kings County had the highest average unemployment rate of 10.0%, while New York County showed the lowest unemployment rate of 7.9%.

Assessment Area Unemployment Rate					
	Statewide	Kings	New York	Queens	Richmond
2009	8.4%	9.8%	8.4%	8.3%	8.1%
2010	8.6%	10.3%	8.1%	8.7%	8.8%
2011	8.3%	9.8%	7.5%	8.1%	8.3%
2012	8.5%	9.9%	7.7%	8.3%	8.5%
Average	8.5%	10.0%	7.9%	8.4%	8.4%

Community Information:

Examiners conducted community contacts with nonprofit organizations serving FAIB's assessment area. These entities create, preserve and improve affordable housing, promote economic growth and revitalize neighborhoods.

Community contacts mentioned the growing need for affordable housing following the recession of 2008. As lenders tightened up lending standards, it is more difficult for LMI individuals to obtain home mortgages.

The local residents in the community also face difficulties in obtaining financing to start their own businesses. They have limited resources, such as collateral, limited credit histories, and limited English proficiency.

These contacts noted the community's need for less complicated, low-cost checking accounts, financial education and philanthropic supports to community-based organizations and nonprofits tasked with providing essential services to low-income individuals and small businesses.

FAIB has been proactive in helping the local community and participated in fund raising activities that helped local community businesses, especially after hurricane Sandy.

PERFORMANCE STANDARDS AND ASSESSMENT FACTORS

DFS evaluated FAIB under the intermediate-small banking institution performance standards in accordance with Parts 76.7 and 76.12 of the General Regulations of the Superintendent, which consist of the lending test and the community development test.

The lending test includes:

- 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 includes:

- 1. Community development lending;*
- 2. Community development investments;*
- 3. Community development services;*
- 4. Innovative or complex practices; and*
- 5. Responsiveness to community development needs*

DFS also considered the following factors in assessing the bank's record of performance:

- 1. Extent of participation by the board of directors or board of trustees in formulating CRA policies and reviewing CRA performance;*
- 2. Any practices intended to discourage credit applications;*
- 3. Evidence of prohibited discriminatory or other illegal credit practices;*
- 4. Record of opening and closing offices and providing services at offices; and*
- 5. Process factors, such as activities to ascertain credit needs and the extent of marketing and special credit related programs*

DFS derived statistics in this evaluation from various sources. FAIB submitted bank-specific information both as part of the examination process and on its Call Report submitted to the FDIC. DFS obtained aggregate lending data from the Federal Financial Institutions Examination Council (FFIEC) and deposit data from the FDIC. Loan-to-deposit ratios were calculated from information shown in the bank's Uniform Bank Performance Report submitted to the FDIC.

DFS derived the demographic data referred to in this report from the 2010 U.S. Census and from the U.S. Department of Housing and Urban Development. DFS based business demographic data used in this report on Dun & Bradstreet reports, which are updated annually. DFS obtained unemployment data from the New York State Department of Labor.

The assessment period included calendar years 2009, 2010, 2011, 2012, and the first six months of 2013.

Examiners considered FAIB’s HMDA-reportable loans in evaluating factors (2), (3) and (4) of the lending test noted above. HMDA-reportable loan data are based on actual originations.

At its **prior** Performance Evaluation as of December 31, 2008, DFS assigned FAIB a rating of “2,” reflecting a “Satisfactory” record of helping to meet community credit needs.

Current CRA Rating: “Satisfactory”

Lending Test: “Outstanding”

FAIB’s HMDA-reportable lending activities were more than reasonable in light of aggregate and peer group activity and the demographics of the assessment area.

Loan-to-Deposit Ratio and other Lending-Related Activities: “Satisfactory”

FAIB’s average LTD ratio of 89.1% was reasonable considering its size, business strategy, financial condition, and aggregate and peer group activity.

FAIB’s quarterly LTD ratios declined from 99.8% at the first quarter of 2009 to 80.7% at the second quarter of 2013. Nevertheless, FAIB’s LTD ratios compared favorably to those of the peer group, consisting of insured commercial banks with total assets of \$300 million to \$1 billion, for every quarter of the assessment period.

The table below shows FAIB’s LTD ratios in comparison with the peer group’s ratios for the eighteen quarters since the prior evaluation.

Loan-to-Deposit Ratios																			
	2009	2009	2009	2009	2010	2010	2010	2010	2011	2011	2011	2011	2012	2012	2012	2012	2013	2013	Avg.
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Bank	99.8	101.0	96.2	91.5	91.9	91.4	92.8	96.8	90.3	86.9	86.5	86.9	84.9	84.9	81.3	81.4	79.7	80.7	89.1
Peer	86.8	86.0	84.8	82.6	80.9	80.4	79.7	78.9	76.5	76.6	75.9	75.1	73.3	74.3	74.5	74.0	73.2	74.9	78.2

Assessment Area Concentration: “Outstanding”

During the evaluation period, FAIB originated 91.7% by number, and 92.9% by dollar value of its HMDA-reportable loans within its assessment area. This substantial majority of lending inside of the assessment area is an excellent record of lending.

The following table shows the percentages of the FAIB’s HMDA-reportable loans originated inside and outside of the assessment area.

Distribution of Loans Inside and Outside of the Assessment Area										
Loan Type	Number of Loans					Loans in Dollars (in thousands)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
HMDA-Reportable										
2009	1,119	90.9%	112	9.1%	1,231	380,600	92.4%	31,207	7.6%	411,807
2010	717	90.6%	74	9.4%	791	211,521	92.2%	17,884	7.8%	229,405
2011	192	95.5%	9	4.5%	201	54,684	95.6%	2,525	4.4%	57,209
2012	360	93.3%	26	6.7%	386	118,775	94.3%	7,246	5.7%	126,021
*2013	231	93.5%	16	6.5%	247	74,803	93.6%	5,078	6.4%	79,881
Grand Total	2,619	91.7%	237	8.3%	2,856	840,383	92.9%	63,940	7.1%	904,323

Distribution by Borrower Characteristics: "Outstanding"

FAIB's HMDA-reportable lending demonstrated an excellent distribution of loans among borrowers of different income levels.

During the evaluation period, FAIB originated 19.3% by number and 12.0% by dollar value of its 1-4 family residential loans to LMI borrowers. These ratios improved from the 4.3% by number and 1.6% by dollar value at the prior evaluation. In addition, FAIB's rate of lending to LMI borrowers outperformed the aggregate levels of 8.4% by number and 3.6% by dollar value of loans.

The following table provides a summary of the HMDA-reportable lending distribution based on borrower income.

Distribution of HMDA-Reportable 1 to 4 Family Lending by Borrower Income									
2009									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	18	1.6%	2,010	0.5%	844	1.4%	189,680	0.9%	28.4%
Moderate	113	10.1%	22,165	5.9%	4,231	7.1%	752,919	3.4%	16.3%
LMI	131	11.7%	24,175	6.4%	5,075	8.6%	942,599	4.3%	44.8%
Middle	434	38.8%	118,129	31.3%	11,783	19.9%	2,915,998	13.2%	17.2%
Upper	550	49.2%	232,781	61.7%	39,440	66.5%	16,954,709	76.9%	38.1%
Unknown	3	0.3%	2,435	0.6%	3,015	5.1%	1,226,311	5.6%	
Total	1,118		377,520		59,313		22,039,617		
2010									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	17	2.4%	2,255	1.1%	752	1.4%	122,632	0.5%	28.4%
Moderate	156	21.8%	29,023	13.8%	3,799	6.9%	652,067	2.9%	16.3%
LMI	173	24.2%	31,278	14.9%	4,551	8.2%	774,699	3.4%	44.8%
Middle	280	39.1%	78,395	37.4%	10,392	18.8%	2,514,584	11.1%	17.2%
Upper	263	36.7%	99,998	47.7%	38,557	69.8%	18,448,006	81.2%	38.1%
Unknown	0	0.0%	0	0.0%	1,753	3.2%	985,290	4.3%	
Total	716		209,671		55,253		22,722,579		
2011									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	9	4.7%	2,404	4.4%	865	1.6%	144,518	0.6%	28.4%
Moderate	38	19.8%	6,522	11.9%	3,754	6.9%	649,956	2.7%	16.3%
LMI	47	24.5%	8,926	16.3%	4,619	8.5%	794,474	3.3%	44.8%
Middle	62	32.3%	16,696	30.5%	9,813	18.0%	2,364,065	10.0%	17.2%
Upper	83	43.2%	29,062	53.1%	37,587	69.0%	19,061,564	80.3%	38.1%
Unknown	0	0.0%	0	0.0%	2,417	4.4%	1,517,661	6.4%	
Total	192		54,684		54,436		23,737,764		
2012									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	16	4.4%	3,733	3.1%	1,154	1.8%	233,453	0.8%	27.2%
Moderate	75	20.8%	17,208	14.5%	4,061	6.5%	757,783	2.7%	16.4%
LMI	91	25.3%	20,941	17.6%	5,215	8.3%	991,236	3.5%	43.7%
Middle	122	33.9%	37,548	31.6%	10,861	17.4%	2,719,586	9.7%	16.8%
Upper	147	40.8%	60,286	50.8%	43,376	69.4%	22,162,893	78.9%	39.6%
Unknown	0	0.0%	0	0.0%	3,044	4.9%	2,229,425	7.9%	
Total	360		118,775		62,496		28,103,140		
*2013									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	12	5.2%	3,435	4.6%					27.2%
Moderate	50	21.6%	11,855	15.8%					16.4%
LMI	62	26.8%	15,290	20.4%					43.7%
Middle	76	32.9%	23,168	31.0%					16.8%
Upper	93	40.3%	36,345	48.6%					39.6%
Unknown	0	0.0%	0	0.0%					
Total	231		74,803				-		
GRAND TOTAL									
Borrower	Bank				Aggregate				Fam.Dem.
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	72	2.8%	13,837	1.7%					0.7%
Moderate	432	16.5%	86,773	10.4%					2.9%
LMI	504	19.3%	100,610	12.0%					3.6%
Middle	974	37.2%	273,936	32.8%					10.9%
Upper	1,136	43.4%	458,472	54.9%					79.3%
Unknown	3	0.1%	2,435	0.3%					6.2%
Total	2,617		835,453						

Geographic Distribution of Loans: “Outstanding”

The distribution of HMDA-reportable loans made by FAIB based on the income level of the geography of those loans was excellent.

During the evaluation period, FAIB originated 35.8% by number and 37.5% by dollar value of its HMDA-reportable loans in LMI census tracts. These ratios outperformed the aggregate data of 16.9% by number and 16.9% by dollar value of loans. FAIB’s ratio compared favorably to the owner-occupied housing demographics in the LMI census tracts.

The following table provides a summary of the FAIB’s HMDA-reportable lending distribution based on the income level of the geography.

Distribution of HMDA-Reportable Lending by Geographic Income of the Census Tract									
2009									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	22	2.0%	9,578	2.5%	1,683	2.8%	744,265	3.1%	2.3%
Moderate	364	32.5%	129,897	34.1%	8,340	13.7%	3,352,787	13.8%	16.7%
LMI	386	34.5%	139,475	36.6%	10,023	16.5%	4,097,052	16.9%	19.0%
Middle	447	39.9%	146,815	38.6%	17,183	28.3%	5,345,996	22.1%	34.1%
Upper	286	25.6%	94,310	24.8%	33,363	55.0%	14,737,172	60.8%	46.9%
Unknown	0	0.0%	0	0.0%	96	0.2%	44,536	0.2%	0.0%
Total	1,119		380,600		60,665		24,224,756		
2010									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	15	2.1%	4,596	2.2%	1,775	3.1%	884,987	3.4%	2.3%
Moderate	234	32.6%	73,403	34.7%	8,019	14.2%	3,223,130	12.3%	16.7%
LMI	249	34.7%	77,999	36.9%	9,794	17.3%	4,108,117	15.7%	19.0%
Middle	307	42.8%	85,410	40.4%	15,861	28.1%	5,416,704	20.7%	34.1%
Upper	161	22.5%	48,112	22.7%	30,752	54.4%	16,532,456	63.1%	46.9%
Unknown	0	0.0%	0	0.0%	136	0.2%	122,968	0.5%	0.0%
Total	717		211,521		56,543		26,180,245		
2011									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	4	2.1%	1,390	2.5%	1,865	3.3%	1,365,766	4.7%	2.3%
Moderate	48	25.0%	13,765	25.2%	8,238	14.7%	4,349,891	14.9%	16.7%
LMI	52	27.1%	15,155	27.7%	10,103	18.0%	5,715,657	19.6%	19.0%
Middle	99	51.6%	28,189	51.5%	15,481	27.6%	5,540,631	19.0%	34.1%
Upper	41	21.4%	11,340	20.7%	30,436	54.2%	17,808,114	60.9%	46.9%
Unknown	0	0.0%	0	0.0%	146	0.3%	159,636	0.5%	0.0%
Total	192		54,684		56,166		29,224,038		
2012									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	21	5.8%	6,828	5.7%	1,895	2.9%	1,261,393	3.5%	2.7%
Moderate	128	35.6%	42,321	35.6%	8,383	12.9%	4,337,036	12.2%	16.3%
LMI	149	41.4%	49,149	41.4%	10,278	15.8%	5,598,429	15.7%	19.0%
Middle	132	36.7%	44,733	37.7%	16,257	25.0%	6,603,568	18.5%	32.6%
Upper	78	21.7%	24,544	20.7%	38,209	58.8%	23,177,713	65.0%	48.4%
Unknown	1	0.3%	349	0.3%	239	0.4%	271,802	0.8%	0.0%
Total	360		118,775		64,983		35,651,512		
2013									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	19	8.2%	6,389	8.5%	Data not available.				2.7%
Moderate	82	35.5%	26,891	35.9%					16.3%
LMI	101	43.7%	33,280	44.5%					19.0%
Middle	79	34.2%	24,664	33.0%					32.6%
Upper	51	22.1%	16,859	22.5%					48.4%
Unknown	0	0.0%	0	0.0%					0.0%
Total	231		74,803						
GRAND TOTAL									
Geographic	Bank				Aggregate				OO HUs
Income	#	%	\$000's	%	#	%	\$000's	%	%
Low	81	3.1%	28,781	3.4%		3.0%		3.7%	
Moderate	856	32.7%	286,277	34.1%		13.8%		13.2%	
LMI	937	35.8%	315,058	37.5%		16.9%		16.9%	
Middle	1,064	40.6%	329,811	39.2%		27.2%		19.9%	
Upper	617	23.6%	195,165	23.2%		55.7%		62.7%	
Unknown	1	0.0%	349	0.0%		0.3%		0.5%	
Total	2,619		840,383						

Action Taken In Response to Written Complaints with Respect to CRA

Since the prior CRA evaluation as of December 31, 2008, neither FAIB nor DFS received any written complaints regarding FAIB's CRA performance.

Community Development Test: "Satisfactory"

FAIB's community development performance demonstrated adequate responsiveness to the community development needs of its assessment area through community development loans, investments, and services, considering FAIB's capacity and the need for and availability of such opportunities in its assessment area.

During the evaluation period, FAIB originated \$1.9 million in new community development loans and had \$5.5 million outstanding from prior evaluation periods. Additionally, FAIB made \$741,000 in new community development investments and \$186,000 in community development grants. The annualized ratio of total community development loans and investments to total assets was 0.35% as of June 30, 2013.

A more detailed description of FAIB's community development activity follows:

Community Development Lending: "Satisfactory"

During the evaluation period, FAIB originated \$1.8 million in new community development loans and had \$5.5 million outstanding from prior evaluation periods. The current lending level of community development loans (\$7.3 million) represented 0.31% of its total assets on an annualized basis. This demonstrated an adequate level of community development lending over the course of the evaluation period.

Community Development Loans				
Purpose	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Loans	\$000	# of Loans	\$000
Affordable Housing	1	1,850	12	5,468
Economic Development				
Community Services				
Other (Please Specify)				
Total	1	1,850	12	5,468

Below is an example of FAIB's community development lending.

- FAIB extended a \$1.8 million commercial mortgage that provided permanent financing for a newly constructed five story condominium building located in a moderate-income census tract in Queens, New York. The property contains 11 residential units of which eight (73%) are affordable housing units.

Community Development Investments: “Satisfactory”

During the evaluation period, FAIB made \$741,000 in new community development investments and \$186,000 in community development grants. The annualized ratio of community development investments to total assets was 0.04%, compared with zero investments during the prior evaluation period. This demonstrated an adequate level of community development investments over the course of the evaluation period.

Community Development Investments and Grants				
	This Evaluation Period		Outstandings from Prior Evaluation Periods	
	# of Inv.	\$000	# of Inv.	\$000
CD Investments				
Affordable Housing				
Economic Development				
Community Services				
Other (Revitalize and Stabilize)	3	741		
Total	3	741	0	0
CD Grants	# of Grants	\$000	Not Applicable	
Affordable Housing	2	21		
Economic Development	5	40		
Community Services	22	125		
Other (Please Specify)				
Total	29	186		

Below are highlights of FAIB’s community development investments and grants:

- FAIB’s current investments consisted of certificates of deposit in three certified CDFIs. A certificate of deposit in the amount of \$247,000 was placed with a federally-chartered savings bank headquartered in Harlem that provides community-focused banking services and supports the economic viability and revitalization of underserved neighborhoods. Another certificate of deposit in the same amount was placed with another CDFI that helps to revitalize Bushwick and Bedford-Stuyvesant, two of the most underbanked neighborhoods in New York City. A third certificate of deposit in the amount of \$247,500 was placed with a credit union dedicated to meeting the financial services and credit needs of local residents, businesses and community organizations in LMI census tracts on the Lower East Side and Central and East Harlem.
- FAIB made \$186,000 in grants to several nonprofit organizations serving LMI individuals and small businesses in its assessment area. For example:
 - a. FAIB contributed \$15,000 to a leading workforce organization that promotes economic self-sufficiency and career advancement, and addresses the issues of poverty and under-employment.
 - b. FAIB contributed \$7,000 to a not-for-profit organization that empowers

underserved youth to be well-rounded, productive members of society through a combination of one-to-one mentoring relationships, educational programs and social services.

- c. FAIB, through the earnings on its stock ownership in the Federal Home Loan Bank of New York, contributed \$20,818 towards the Affordable Housing Program. The program is missioned to support the creation and preservation of housing for lower-income families and individuals.

Community Development Services: "Outstanding"

FAIB demonstrated an excellent level of community development services over the course of the evaluation period.

FAIB's board members, executive officers and bank officers provided financial expertise and technical assistance to a number of not-for-profit organizations and business improvement districts, acting in the capacity of board members, treasurers, and/or presidents of those organizations or districts. In addition, FAIB provided financial education and training to residents of its assessment area, particularly LMI individuals.

Below are highlights of FAIB's community development services:

- An executive director and CRA officer co-chairs the board of a not-for-profit organization whose mission is to promote business and economic development and the revitalization of the local community by providing solutions to the most urgent needs of the community.
- An FAIB board member is a member of the board and finance committee of a nonprofit settlement house that provides services designed to enhance the quality of life of LMI residents, including child care, youth development, senior services, and immigrant and community services.
- A board member chairs the board of a nonprofit community service provider. The organization focuses on improving the quality of life of LMI Asian Americans by providing services to help individuals achieve economic self-sufficiency, such as child care, youth services, workforce development, senior services, home attendant services, and housing services.
- FAIB's chairman was the founder and is a current board member of a business improvement district. This organization is located north of Chinatown, and its mission is to promote economic revitalization in the local community by improving small businesses, housing, tourism and supporting local projects.
- FAIB conducted 27 seminars in its LMI branches located in Manhattan, Brooklyn,

and Queens. The seminars provided financial education to residents, focusing on general credit, home ownership and financing, and other relevant current topics.

- FAIB's employees conducted 272 radio seminars on Chinese radio stations that provided financial education to the residents of its assessment area, particularly to LMI immigrants who have language barriers. The radio program allows the audience to call in with questions, providing advice somewhat tailored to individual needs. Topics discussed included credit management, refinancing loans, and the mortgage application and home buying process.

Innovative or Complex Practices:

FAIB had adequate levels of innovative or flexible community development practices.

FAIB developed a "Flexible Mortgage" program to meet the needs of a predominant segment of the new-immigrant community who do not meet the conventional stringent underwriting requirements. The program was introduced in September 2011. It requires a higher down-payment but lower income requirements, with alternative employment and income verification. FAIB originated a total of 429 home mortgage loans totaling \$140 million under the program during the evaluation period.

Responsiveness to Community Development Needs:

FAIB demonstrated a reasonable level of responsiveness to credit and community development needs.

FAIB is active in the FDIC Bank Enterprise Award ("BEA") Program, a program that provides financial incentives to institutions to increase lending, investment and service activities in economically distressed areas, and to expand investments in CDFIs. Banks that are active in these categories can apply for BEA monetary awards. FAIB has applied for and received BEA awards since 2001.

Additional Factors

The extent of participation by the banking institution's board of directors or board of trustees in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act

FAIB's board of directors reviews and approves the CRA policy annually. The board appointed a senior executive as the CRA officer and the head of the CRA committee. The CRA committee consists of representatives from lending, compliance, branch administration, investment and finance, marketing, human resources and officers performing community development activities. The CRA officer and the CRA committee

are responsible for compiling the self-assessment and providing updates of CRA activities to the board.

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.*

DFS examiners did not note evidence of FAIB practices intended to discourage applications for credit.

- *Evidence of prohibited discriminatory or other illegal credit practices.*

DFS examiners did not note evidence of prohibited discriminatory or other illegal practices.

Record of opening and closing offices and providing services at offices

Distribution of Branches within the Assessment Area							
County	N/A	Low	Moderate	Middle	Upper	Total	LMI
	#	#	#	#	#	#	%
Brooklyn		2				2	100%
Manhattan		2	1			3	100%
Queens		2		1	1	4	50%
Total	-	6	1	1	1	9	78%

FAIB operates nine banking offices. Two are located in Brooklyn, three in Manhattan and four are in Queens. Seven or 77.8% of its branches are located in LMI census tracts. Six of the branches have one automated teller machine (“ATM”) each. The remaining three branches (including two in low-income tracts) have two ATMs each. All branches are open from 8:30 AM to 4:00 PM Monday to Friday. Four branches (which are in low-income tracts) are open from 10:00 AM to 2:00 PM on both Saturdays and Sundays, while the remaining five branches are open one day during the weekend for the same hours. In addition, FAIB operates a loan office that is located in a low-income census tract in Brooklyn.

Below are highlight of FAIB’s retail products designed to benefit LMI individuals and small businesses:

- FAIB offers a secured credit card program designed to help consumers with little to no credit, or poor credit history, such as new immigrants, young people and LMI individuals to establish or rebuild their credit history. The credit card is secured by a savings account or certificate of deposit maintained at the bank,

and the credit limit is determined based on both the previous credit history and the amount deposited.

- FAIB offers reasonably priced international remittance services for their immigrant customers.

Process Factors

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

FAIB ascertains the credit needs of its community by getting involved with a large number of local community organizations such as local development corporations, benevolent associations, community boards, social services agencies, senior centers, and other professional and civic nonprofit organizations. FAIB obtains input from these groups about credit, banking services, and economic development needs of the community, particularly of the LMI individuals.

In addition, FAIB seeks advice, feedback and ideas about its community development programs, products and services, addressing evolving issues and or unmet financial needs of the community from FAIB's Advisory Group. FAIB's Advisory Group was formed at the bank's inception. It consists of civic leaders, business professionals and resident representatives of the bank's communities.

- 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 keeps the members of the community aware of its credit and other financial products by advertising through major ethnic newspapers, radio stations, and the bank's website. FAIB primarily advertises in the local ethnic media, particularly the two major Chinese newspapers and the two major radio stations. In addition, FAIB promotes its products and services at community events and social gatherings such as "family day" events organized by local community organizations during traditional Asian festivals.

Other factors that in the judgment of the Superintendent 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

“Community development”:

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.

Community Development Loan

A loan that has 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 cleanup or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

Community Development Service

Service that has community development as its *primary purpose*, 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.

Geography

A census tract delineated by the United States Bureau of the Census in the most recent decennial census

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 for borrowers is based on household or family income. 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 of \$1 million or less.

Low or Moderate Income ("LMI") Geographies

Those census tracts or block numbering areas where, according to the 2000 U.S. 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 cases 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 represents 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.

Low-Income Housing Tax Credit (LIHTC)

A dollar for dollar tax credit for affordable housing, created under the Tax Reform Act of 1986, that provides incentives to invest in projects for the utilization of private equity in the development of affordable housing aimed at low income Americans. It is also more commonly called Section 42 credits in reference to the applicable section of the IRC. The tax credits are more attractive than tax deductions as they provide a dollar for dollar reduction in a taxpayer's federal income tax. It is more commonly attractive to corporations since the passive loss rules and similar tax changes greatly reduced the value of tax credits and deductions to individual taxpayers.

New Markets Tax Credit (NMTC)

The New Markets Tax Credits (NMTC) Program was established by Congress in December 2000 to stimulate economic and community development and job creation in low-income communities. It permits individual and corporate taxpayers to receive a credit against federal income taxes for making qualified equity investments in Community Development Entities (CDEs). The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year period. CDEs must use substantially all of the taxpayer's investments to make qualified investments in low-income communities. The Fund is administered by the US Treasury Department's Community Development Financial Institutions Fund (CDFI).

Qualified Investment

A lawful investment, deposit, membership share or grant that has community development as its *primary purpose*. 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.