

PUBLIC DISCLOSURE

Date of Evaluation: April 15, 1996

COMMUNITY REINVESTMENT ACT

PERFORMANCE EVALUATION

Name of Depository Institution: European American Bank

Institution's Identification Number: 02-36-5104

**Address of Institution: 120 Broadway,
New York, NY 10005**

Federal Reserve Bank of New York

33 Liberty Street

New York, NY 10045

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act ("CRA") performance of **European American Bank** prepared by the **Federal Reserve Bank of New York** on behalf of the Board of Governors of the Federal Reserve System, the institution's supervisory agency, as of **April 15, 1996**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This delineation evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.*

The new CRA regulation will be phased in over a two-year period beginning July 1, 1995. During that period, banks with total assets greater than \$250 million will be examined under the current regulation with its twelve assessment factors until July 1, 1997. However, to comply with the requirements of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, this evaluation includes conclusions with respect to overall performance as well as the bank's performance in each Metropolitan Statistical Area and the Non-Metropolitan Statewide Area which the bank has delineated for CRA purposes.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

DISCUSSION OF INSTITUTION'S PERFORMANCE

INSTITUTION'S RATING: This institution is rated Satisfactory based on the findings presented below.

European American Bank's ("EAB's") level of performance with the Community Reinvestment Act is assessed as "Satisfactory." The bank's management has continued an effective ascertainment program to determine the credit needs of its delineated community and for the most part has effectively marketed the types of credit necessary to meet those needs. EAB has made significant efforts and successfully expanded its community development lending activity, both geographically and in terms of the dollars extended. The community development loan growth was realized through increased commitments to existing programs as well as through the initiation of several innovative programs that targeted economically depressed areas throughout the bank's delineated community. The bank's overall mortgage, refinance, home improvement and small business lending were reasonable. However, there were some geographic areas where the bank's loan penetration with respect to these products could be improved. See the following sections of the Public Disclosure for details: Conclusions with Respect to Performance Categories beginning on Page 6 and the Metropolitan Statistical Area analyses beginning on page 18.

DESCRIPTION OF INSTITUTION:

DESCRIPTION OF INSTITUTION'S OPERATION IN THE STATE OF NEW YORK

EAB is a New York banking corporation and a wholly-owned subsidiary of ABN AMRO Bank, N.V. As a member of the Federal Reserve System, the bank is subject to supervision by the Federal Reserve Board. Total assets as of December 31, 1995 totaled \$8.6 billion. The bank's loan portfolio totaled \$3.4 billion with consumer loans comprising \$1.9 billion and business loans totaling \$1.5 billion.

EAB is a full service retail institution serving Nassau and Suffolk Counties in Long Island and the Bronx, Kings, Queens and New York Counties in New York City. Of EAB's 86 branch offices, 60 are located in Long Island and 26 are in New York City. The bank's targeted markets are consumer, small business and middle-market business, which continue to be the focus of the bank's lending activities. There are no legal or financial impediments or factors which would preclude the bank from meeting the responsibilities as defined by the Community Reinvestment Act.

REASONABLENESS OF DELINEATED COMMUNITY

EAB's market delineation is comprised of all of MSA 5380 (Nassau-Suffolk, NY) and a portion of MSA 5600 (New York City, NY). The market in MSA 5600 consists of all of the Bronx, Kings, New York, and Queens Counties; the market in MSA 5380 consists of all of Nassau and Suffolk Counties. Since the last examination, EAB expanded its market delineation to include all of Kings, the Bronx and New York Counties.

During the time period covered, EAB had a network of 86 branches, with 15 (17.2%) located in low- and moderate-income geographies. On January 26, 1996, EAB closed one branch in New York County that was not located in a low- and moderate-income census tract.

EAB's delineated community boundaries are consistent with the political boundary and effective lending territory criteria permitted by Sections 228.3 (b) (1) and (2) of Regulation BB. The bank's delineated community does not arbitrarily exclude low- and moderate-income areas. A map of the bank's delineated community is included on the succeeding page.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CATEGORIES:

The following is a summary of EAB's CRA performance based on the five performance categories: 1) Community development; 2) Geographic distribution and record of opening and closing offices; 3) Marketing and types of credit offered and extended; 4) Discrimination and other illegal credit practices; and, 5) Ascertainment of community credit needs. See the MSA analyses beginning on page 18 for further details regarding the assessment factors that deal with performance. A discussion pertaining to the assessment factors that deal with the CRA process begins on page 23.

I. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

EAB strongly supports community development programs and initiatives. EAB's community development loans aggregated to approximately \$50 million, a substantial increase since the last examination. For the eighteen month period beginning in July of 1994, the bank has extended \$15 million in direct loan commitments on Long Island and \$16 million in New York City. Indirect lending through economic development or affordable housing community based organizations totaled \$17 million in New York City and \$3 million for Long Island. The higher dollar investment in New York City is attributed to the fact that intermediary third party agencies are concentrated in New York City, and primarily provide services to the more heavily populated boroughs in the city. The total allocation of direct and indirect dollars, however, is proportional to the distribution of population between the two MSAs. Specifically, the Nassau-Suffolk MSA, which represents approximately 30 percent of the delineation's population, received 35 percent of the community development dollars.

The following exhibit shows the direct and indirect financing provided by EAB to organizations within each MSA:

II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

The geographic distribution of EAB's lending activity was determined through an analysis of the bank's HMDA and small business data for the period from July 1, 1994 through December 31, 1995. During that period, 91 percent of loan applications received and approvals granted occurred within the bank's delineation indicating the reasonableness of EAB's delineated community. The analysis further indicates that the bank's home purchase, refinancing, home improvement and small business loan penetration was reasonable for all segments of the community, including low- and moderate-income geographies. Although the overall loan penetration is reasonable, there were certain low- and moderate-income areas where residential mortgage, refinance and small business lending could be improved. These areas will be addressed in more detail in the section of this report that discusses performance by each MSA which begins on page 18.

Exhibit 2
July 1, 1994 - Dec. 31, 1995 Mortgage Activity
By County and MSA in Delineation

County	Owner-Occupied Units In:		Total Applications		# of Applications Per 1,000 Units		Total Approvals		# of Approvals Per 1,000 Units	
	Non L&M	L&M	Non L&M	L&M	Non L&M	L&M	Non L&M	L&M	Non L&M	L&M
Nassau	329,165	17,994	348	37	1.06	2.06	316	31	0.96	1.72
Suffolk	276,876	63,471	298	34	1.08	0.54	272	25	0.98	0.39
MSA 5380 Total	606,041	81,465	646	71	1.07	0.87	588	56	0.97	0.69
Bronx	60,696	15,124	20	44	0.33	2.91	18	40	0.30	2.64
Kings	160,319	55,524	44	11	0.27	0.20	34	10	0.21	0.18
New York	115,544	12,429	37	1	0.32	0.08	31	1	0.27	0.08
Queens	288,131	17,996	96	2	0.33	0.11	86	2	0.30	0.11
MSA 5600 Total	624,690	101,073	197	58	0.32	0.57	169	53	0.27	0.52
Total	1,230,731	182,538	843	129	0.69	0.71	757	109	0.62	0.60

Based on 1990 Bureau of the Census demographic data.

* NOTE: L&M indicates low- and moderate-income census tracts

**Exhibit 3
July 1, 1994 - Dec. 31, 1995 Refinancing Activity
By County and MSA in Delineation**

County	Owner-Occupied Units In:		Total Applications		# of Applications Per 1,000 Units		Total Approvals		# of Approvals Per 1,000 Units	
	Non L&M	L&M	Non L&M	L&M	Non L&M	L&M	Non L&M	L&M	Non L&M	L&M
Nassau	329,165	17,994	142	10	0.43	0.56	124	7	0.38	0.39
Suffolk	276,876	63,471	102	11	0.37	0.17	84	9	0.30	0.14
MSA 5380 Total	606,041	81,465	244	21	0.40	0.26	208	16	0.34	0.20
Bronx	60,696	15,124	8	0	0.13	0.00	8	0	0.13	0.00
Kings	160,319	55,524	40	207	0.25	3.73	36	188	0.22	3.39
New York	115,544	12,429	8	1	0.07	0.08	7	1	0.06	0.08
Queens	288,131	17,996	24	3	0.08	0.17	14	1	0.05	0.06
MSA 5600 Total	624,690	101,073	80	211	0.13	2.09	65	190	0.10	1.88
Total	1,230,731	182,538	324	232	0.26	1.27	273	206	0.22	1.13

Based on 1990 Bureau of the Census demographic data.

* NOTE: L&M indicates low- and moderate-income census tracts

Exhibit 4
July 1, 1994 - December 31, 1995 Small Business Lending Activity
By County and MSA in Delineation

Area Name	Small Business Loans	Small Business Establishments ¹	Loans/1,000 Small Business Establishments	% Loans Within Delineation	# / % Loans Within Delineation & In LMI Geographies		% LMI Geographies
Nassau	895	17,883	50.05	100%	90	10.06	8.9%
Suffolk	585	14,815	39.49	100%	113	19.32	21.8%
MSA 5380	1,480	32,699	45.26	100%	203.00	13.72	15.8%
Bronx	48	4,881	9.83	100%	23	47.92	58.0%
Kings	177	12,165	14.55	100%	91	51.41	43.1%
New York	426	30,799	13.83	100%	113	26.53	46.6%
Queens	229	12,034	19.03	100%	45	19.65	15.5%
MSA 5600	880	59,879	14.70	100%	272.00	30.91	37.3%
Total	2,360	92,578	25.49	100%	475	20.13	32.7%

¹ Number of establishments with < \$1 million in sales or receipts. Source: 1992 Economic Census of Retail Trade and 1992 Economic Census of Service Industries, U.S. Department of Commerce, Bureau of the Census.

HMDA Lending Summary

The geographic distribution of EAB's application and lending activity for home purchases, refinance and home improvement loans was determined through an analyses of the HMDA data for the period from July 1, 1994 through December 31, 1995.

Home Purchase and Refinance

Home purchase and refinance loan applications and approvals declined in volume. However, the bank's lending in low- and moderate-income geographies increased since the time of the last examination. Overall, on a demand-adjusted basis, the level of application and approval activity in low- and moderate-income tracts exceeded the level in non low- and moderate-income tracts.

Overall, loan penetration in MSA 5380, consisting of Nassau and Suffolk Counties, was satisfactory, with both mortgage and refinance application activity strong in low- and moderate-income census tracts in Nassau County. However, in Suffolk County, such activity was twice as strong in non low- and moderate-income census tracts and weaknesses in application activity was evident in several low- and moderate-income areas. For further details, see MSA analysis beginning on page 18.

In MSA 5600, consisting of Kings, Bronx, New York and Queens Counties, overall loan penetration, with the exception of refinance activity in a low- and moderate-income community in Kings County and mortgage loan activity in the Bronx, is low. For further details, see MSA analysis beginning on page 20.

Home Improvement

EAB had a total of 96 home improvement applications and 81 approvals during the eighteen months since the last examination. The low numbers are attributed to the fact that the bank's home equity product lines have a more favorable interest rate and carry a tax deductible feature that make them more attractive to individual homeowners. Due to the extremely low volume for this product, no statistical significance could be attached to any qualitative analysis and, therefore, no presentation is made for this product.

Small Business Lending

The analysis of EAB's small business lending for the period from July 1, 1994 through December 31, 1995 is based on data for 2,473 originations for the period. Of the total loans granted, 95 percent (2,360 of 2,473) were made within the bank's delineation. The bank's business loans included business credit accounts and business installment loans of \$1 million or less originated during the 18-month period. The analysis shows that EAB's extension of credit throughout its delineation, including low- and moderate-income census tracts, is reasonable. However, there are areas with low levels of lending activity in low- and moderate-income communities in some of the MSAs which are further detailed in the analyses beginning on page 18.

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

The bank's services are reasonably accessible through its branch and ATM network. Since the last examination, EAB closed one branch in Manhattan which was not in a low- and moderate-income tract. The closing of this branch did not adversely affect customers in terms of continued availability of all branch services.

EAB has a network of 86 branches, with 15 (17.2 percent) located in low- and moderate-income geographies. Exhibit 5 below details the number of branches by county and MSA.

**Exhibit 5
 Number of Branches By County**

County/MSA	Number of Branches	Number In L&M Tracts
Nassau	39	2
Suffolk	21	5
MSA 5380 Total	60	7
Bronx	2	0
Kings	3	1
New York	14	4
Queens	7	3
MSA 5600 Total	26	8
Total	86	15

*L&M indicates low- and moderate-income.

EAB has a formal written policy that was adopted in 1992 that deals with closing of branches. The decision to close a branch is always accompanied by a financial analysis as well as a determination that the closing complies with all applicable state and federal laws and regulations. Since the last examination, the bank closed a branch located in New York County that was not located in a low- and moderate-income census tract. Access to each of the EAB branches is reasonable and the hours of operation are also convenient, with over two thirds of the bank's branches offering extended hours of operation. All of the bank's products are offered throughout the delineated community.

I. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

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

EAB has developed and implemented a comprehensive marketing program designed to disseminate information regarding its credit products and services throughout the institution's delineated community, including low- and moderate-income communities. The bank utilizes a multi-media approach that relies primarily upon print and radio advertising some of which focus on minority audiences. The bank also employs brochures, statement inserts, outdoor presentations, branch displays and targeted direct mailings to reach low- and moderate-income audiences with special credit-related programs.

EAB offers a variety of credit products and services which are accurately described in the bank's CRA statement. The bank's credit products include residential mortgage, housing rehabilitation, home improvement, and small business loans. The bank also actively participates in a variety of consumer and business loan programs that are government insured, guaranteed or subsidized.

Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

The bank offers a variety of credit products which satisfactorily address credit needs within its assessment area including those of low- and moderate-income communities and small businesses.

EAB offers a variety of credit products and services to all qualified individuals and business applicants. Credit products offered include: personal installment loans, direct automobile financing, home improvement loans, student loans, residential fixed and variable rate mortgages, home equity loans and lines of credit, credit cards, overdraft lines and various business loans. There are no specific limitations placed upon individuals seeking credit and existing account relationships are not required.

RESIDENTIAL MORTGAGE PRODUCTS

For individuals desiring to purchase or refinance a one to four family home, condominium or co-operative apartment, a selection of financial options is available. Options include a fixed rate, residential mortgage with terms of up to 30 years or a bi-weekly mortgage payment option which provides a method through which to lower finance charges and speed the acquisition of equity during the term of the loan. Other loan features include loan-to-value ratios of up to 95 percent of appraised value. Also, the bank offers several mortgages with variable rates of interest.

In addition to conventional mortgage products, the bank originates mortgages under the Federal National Mortgage Association ("FNMA") Community Home Buyers Program, the State of New York Mortgage Agency ("SONYMA") Mortgage Program, EAB Neighborhood Program and the EAB 97% Financing Program. Mortgages offered under these programs provide greater flexibility and applicants may receive gifts or grants from approved sources to help meet the down payment requirements and closing costs.

The following special credit programs are available throughout the bank's delineated community:

EAB NEIGHBORHOOD MORTGAGE PROGRAM

EAB offers its own program designed to assist applicants within specifically designated low- and moderate-income neighborhoods. The program offers greater flexibility, lower down payments and may be used to purchase or refinance owner occupied one and two family homes, condominiums or cooperative. Other features include: no points, no application fees, discounted interest rate, less stringent income and credit requirements, minimum of 5 percent down payment with only 3 percent borrower's funds.

ENERGY CONSERVATION LOANS

The bank makes available interest free or subsidized financing for the purchase of new heating systems, gas conversion equipment and for home insulation. Interest free loans are available to Brooklyn Union Gas Company customers for the purchase of gas burners and related equipment and interest subsidized loans are available for the purchase of gas conversion equipment.

SMALL BUSINESS LENDING

The Small Business Division ("SBD") consisting of two groups is responsible for the bank's commercial lending activities. The Small Business Lending Division ("SBLD") and the Small Business Lending Group ("SBLG") respectively provide loans of under \$100,000 and loans up to \$500,000.

The SBD offers a variety of business credit products to qualified small businesses. These products include: the Business Credit Account which provides a revolving line of credit of up to \$100,000, the Business Installment Loan which provides for financing of equipment or leasehold improvements with terms of up to five years, and Corporate Credit Cards which provide lines of \$5,000 to \$50,000. The bank also offers secured and unsecured commercial loans, real estate financing, letters of credit, acceptance financing and equipment and fixed asset finance. In April 1995 EAB introduced the Small Business Credit Line which provides credit lines from \$2,500 to \$15,000 to enhance credit opportunities for smaller business enterprises.

Assessment Factor J - The institution's participation in governmentally- insured, guaranteed or subsidized loan programs for housing, small businesses, or small farms.

EAB actively participates in government-insured and guaranteed programs including the Small Business Administration ("SBA"), The New York State Mortgage Agency ("SONYMA") Mortgage Program, The Federal Home Loan Bank of New York ("FHLB") Affordable Housing Program, and The New York State Higher Education Service Corporation ("NYSHESC") Student Loan Program. The bank also participates in the New York City Small Business Reserve Fund. The level of the bank's participation is illustrated in the following table:

GOVERNMENT INSURED, GUARANTEED OR SUBSIDIZED PROGRAMS

LOAN TYPE	NUMBER OF LOANS	OUTSTANDING 3-31-96 (in 1,000s)
FHA	3	\$87
VA	1	\$1
SBA	60	\$12,083
STUDENT	4,054	\$13,762
SONYMA	32	\$3,363
NYC SMALL BUSINESS RESERVE FUND	73	\$1,543

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

EAB solicits credit applications from all segments of its delineated community. The bank's written policies, procedures and training programs ensure that the bank does not illegally discourage or prescreen applicants. A review of policies, procedures and credit applications did not produce any evidence of practices intended to discourage applications for the types of credit set forth in the bank's CRA Statement.

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

No credit practices were identified that are inconsistent with the substantive provisions of antidiscrimination laws and regulations, including the Equal Credit Opportunity Act, the Fair Housing Act, and any agency regulations pertaining to nondiscriminatory treatment of credit applicants. Technical violations of the Home Mortgage Disclosure Act were noted. Management has already taken corrective action on the violations.

V. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

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

The bank has developed and implemented a highly effective program to ascertain the credit needs of specific market segments within its assessment area including low- and moderate-income geographies.

The bank is well represented in both New York City and Long Island community-based organizations.

Board members as well as line officers and branch personnel are fully familiar with their market, including neighborhood demographics and the community leaders and local organizations where inroads can be made to determine community credit needs. The bank's Compliance Officer is directly involved with housing, social service and economic development organizations throughout EAB's delineated community. The marketing department conducts periodic studies utilizing Bureau of the Census demographic information to develop maps which illustrate the bank's loan activity and regularly reports their findings to the bank's executive management.

Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

EAB has an effective CRA program in place that includes the participation of senior management and the board of directors in the formulation of policy, the establishment of goals and objectives, and the ongoing review of the bank's CRA efforts.

METROPOLITAN STATISTICAL AREA ANALYSIS

CONCLUSIONS WITH RESPECT TO THE ASSESSMENT FACTORS THAT DEAL WITH PERFORMANCE: The categories that deal with the CRA process as well as demographics and economic factors that existed at the time of this examination are discussed beginning on page 23.

MSA 5380 (NASSAU-SUFFOLK, NY)

EAB has demonstrated strong support for community development programs and initiatives throughout this MSA. An analysis of the home purchase and refinance application and loan activity shows that the bank has achieved a strong penetration level in this MSA. Lending in low- and moderate-income communities is especially strong in Nassau County; however, home purchase and refinance activity in certain low- and moderate-income areas in Suffolk County needs to be strengthened. The bank achieved a strong penetration level of small business lending in this MSA, with the level of lending in low- and moderate-income census tracts equaling or exceeding that of the non low- and moderate-income geographies.

I. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

EAB strongly supports community development programs in these two counties, as attested to by the amount of new loans that were committed since the last examination. Direct loans for affordable housing totaled approximately \$4 million, while economic development dollars equated to almost \$10 million and support services dollars accounted for \$1 million of the total. With the indirect loans totaling \$3 million to economic development and affordable housing organizations, the total allocation of community development dollars is \$18 million, which represents an increase of \$13.7 million since the last examination.

II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

HOME PURCHASE AND REFINANCE

Nassau County

The bank exhibited strong home purchase loan penetration in Nassau County. The demand-adjusted penetration in low- and moderate-income tracts is much stronger than in the non low- and moderate-income census tracts for both applications and approvals. For refinance lending, performance in low- and moderate-income tracts equaled the performance in other tracts.

Suffolk County

EAB's home purchase loan penetration is not as strong in this county where the demand-adjusted penetration in non low- and moderate-income tracts is more than twice the level in the low- and moderate-income tracts. For refinance lending, demand-adjusted performance in non low- and moderate-income tracts was twice the level in the low- and moderate income tracts. Some of the low- and moderate-income areas where EAB has exhibited low levels of loan penetration include the communities of Mastic and Shirley and portions of the eastern end of Long Island.

SMALL BUSINESS LENDING

Small business lending in Nassau and Suffolk Counties was very strong, with EAB's demand adjusted level of small business lending equating to 45 loans per 1,000 small business establishments. Of the total number of loans made within the two counties, 14 percent of the loans were made within low- and moderate-income geographies, which equal 16 percent of the total delineated community in these two counties. Demand adjusted lending was strongest in Nassau County, with 50 loans per 1,000 businesses, as compared to Suffolk county's 40 loans per 1,000. Nassau County also had higher loan penetration level in the low- and moderate-income geographies than existed in the county, while in Suffolk County, 19 percent of the loans were in low- and moderate-income geographies, which totaled 22 percent. However, there are certain areas including Riverhead, Mastic, and Shirley where the loan penetration level in low- and moderate-income census tracts exhibit some weakness.

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

No branches were opened or closed in the Nassau-Suffolk MSA since the last examination.

MSA 5600 (NEW YORK, NY)

EAB's community development efforts in this MSA continue to be strong. An analysis of the home purchase and refinance application and loan activity shows that the bank has an overall low penetration level within the MSA. With two notable exceptions, a special refinance program in a low- and moderate-income community in Kings County and mortgage loans in the Bronx, penetration levels were weak throughout the MSA, including low- and moderate-income areas. Home purchase and refinance activity was nominal in both New York and Queens Counties. The bank achieved a reasonable overall penetration level of small business lending in this MSA, although there were some areas that experienced nominal lending activity.

I. COMMUNITY DEVELOPMENT

Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.

EAB strongly supports community development programs and initiatives in this portion of the delineation. The bank's direct loan dollars equate to \$16 million, with the majority (\$14 million) allocated for affordable housing projects within the four delineated counties. The affordable housing project dollars were distributed throughout each of the four counties within EAB's delineation, with the Bronx receiving almost \$3 million, New York receiving \$2 million, Queens receiving \$2.5 million and Kings receiving \$6 million. With the indirect loans totaling \$17 million, the total allocation of community development dollars is \$33 million, which represents an increase of \$18 million since the last examination. Since the last examination, EAB has provided both a line of credit and a term credit facility to a community bank located in Bronx county which services a predominantly low- and moderate-income area. This affiliation has helped EAB to extend credit where it has limited presence.

II. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

HOME PURCHASE AND REFINANCE

Bronx County

EAB's home purchase lending activity in this county has increased significantly since the last examination, especially in the low- and moderate-income census tracts, where there were 44 applicants as opposed to one at the last examination. It is also significant that the demand-adjusted applicant and approval rates in the low- and moderate-income tracts were nine times the rate in non low- and moderate-income tracts. However, refinance activity in this county was weak, with only eight applications

Kings County

The bank has achieved a strong penetration level in this county. Application and approval activity in low- and moderate-income tracts was almost four times the level in non low- and moderate tracts primarily on the strength of its refinance activity in the Nehemiah Project in East Brooklyn. While home purchase applications and approvals in the low- and moderate-income tracts approximated the performance in non low- and moderate-income tracts, the overall penetration level in Kings County was low.

New York County

Mortgage activity in Manhattan is the weakest of all the counties. The bank received a total of 38 applications, with only 1 being received from low- and moderate-income census tracts. The bank has 14 branches in Manhattan, with all of them being either in or in reasonably close proximity to the lower income tracts. For refinance lending, there were a total of nine applications, with only one application and approval located in a low- and moderate-income census tract.

Queens County

The bank's overall loan penetration in Queens is weak. The demand-adjusted penetration in low- and moderate-income neighborhoods is significantly less than in the non low- and moderate-income census tracts. The bank's branches in this county are located either directly in or in very close proximity to low- and moderate-income tracts. For home purchase loans, the demand-adjusted level of penetration in non low- and moderate income tracts was three times the level of the low- and moderate-income tracts. Refinance activity in the county was minimal, with only three applications and one approval being made in low- and moderate-income tracts.

BUSINESS LENDING ACTIVITY

Within the bank's delineation in this MSA, EAB significantly increased its business lending penetration level from what it was at the last examination. Some 15 loans per 1,000 business establishments were granted at this examination, as compared to 6.9 loans per 1,000 small business establishments at the last examination. However, the level of lending in this MSA is only one-third that of the lending activity taking place in MSA 5380.

Small business loan penetration was satisfactory in all counties, with strong penetration in low- and moderate-income communities evident in King and Queens Counties. However, there were weaknesses in certain low- and moderate-income communities.

In Kings and Queens Counties, EAB's percentage of loan originations in low- and moderate-income census tracts exceeded the percentage of low- and moderate-income census tracts in the counties. In Kings County, the bank exhibited strong business loan penetration in the East New York area. However, there are some weaknesses in loan penetration evident in the northern and southern parts of the county, specifically in Bushwick, Coney Island, and parts of Bedford Stuyvesant.

In the Bronx, 48 percent of the bank's small business loans were originated in low- and moderate-income census tracts, which comprise 58 percent of all census tracts in the county. Although the loan penetration is proportional, loan activity in most low- and moderate-income areas in the western and southern part of the county is weak. EAB has recently employed a full time business development loan officer in the Bronx in an effort to increase the loan penetration in the low- and moderate-income geographies.

In New York County, the bank did exhibit strong business loan penetration in Midtown and Downtown Manhattan. However, weaknesses in loan penetration in low- and moderate-income census tracts were evident in Harlem and the Lower East Side.

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

Since the last examination, one branch located in a non low- and moderate-income census tract was closed in New York County

CONCLUSIONS WITH RESPECT TO ASSESSMENT FACTORS AND CRITERIA THAT PERTAIN SOLELY TO THE CRA PROCESS, DEMOGRAPHICS, AND ECONOMIC FACTORS:

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

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

EAB has a highly effective program to ascertain the credit needs of its delineated community, including low- and moderate -income neighborhoods. Ascertainment is an integral part of the bank's business plan and its CRA Action Plan outlines the strategies to be utilized to determine the credit needs of the various communities within its delineation. Ascertainment efforts are carried out through contact by EAB staff and formal market studies and surveys by the bank's Market Research Department.

The bank's staff (e.g. branch personnel, credit officers, and senior officers) are required to become fully familiar with their respective market, including neighborhood demographics, credit requirements, community leaders and local institutions. Staff is directed to join, participate and take leadership positions in community organizations. Such participation is useful in ascertaining specific community credit needs and presents an opportunity to communicate the bank's credit products. In addition, the bank has made specific outreach efforts to low- and moderate-income communities through EAB's Community Breakfast Program and the Community Leaders Forums in which direct contact is established with the members and leaders of specific communities.

EAB's Compliance Officer supplements this effort through her direct contact and ongoing relationships with housing, small business development, economic development, community based organizations (religious, civic and educational) and government agencies. These direct contacts include: Town of North Hempsted Community Development, the Roosevelt Chamber of Commerce, the Suffolk County Ministers Association, the East Brooklyn Churches, Neighborhood Housing Services of N.Y. City, Habitat for Humanity, and the Cyprus Hills Local Development Corporation. It is the CRA Officers responsibility to report on CRA related activities monthly to the CRA Management Committee of the Board of Directors.

Business credit needs are assessed through the active participation of senior officers and directors in a variety of county-wide and regional business organizations. The level of participation in many instances is proactive since the bank's participants assume leadership roles within these groups.

A second element in the ascertainment process is the series of formal ongoing studies conducted by the Market Research Department to assess local credit needs. Since the last examination, a survey was conducted of the communities within the bank's expanded delineation that included: the West Bronx, Northern Manhattan and Sunset Park in Brooklyn. The Market Research Department, utilizing the Census Bureau demographic information, develop maps which illustrate by community, ethnic, and economic makeup of the population and the loan activity within those communities. Such studies better position the bank in planning strategies to address established needs and weaknesses in market coverage.

Assessment Factor C - The extent of participation by the institution's board of directors in

formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

EAB's board of directors is actively involved in the bank's CRA policy development, implementation and administrative oversight. The board has adopted a formal CRA marketing/business plan that clearly defines the bank's goals and objectives, method of implementation and a self assessment process. The board has established a CRA Management Committee which consists of members of senior management which represent the Real Estate, Retail, Public Relations, Small Business Lending, Legal and the Marketing and Market Research Departments. This committee acts as a clearinghouse for ideas to better implement the bank's CRA programs and as a vehicle to monitor the progress of current projects. The Committee meets on a monthly basis and reports to the Board of Directors' CRA Committee, which is comprised of four Board members and five members of senior management, including the bank president and the CRA officer. The Director's CRA Committee is responsible for formulating policy and monitoring CRA related activities.

EAB's chairman recently served as Chairman of the Long Island Housing Partnership ("LIHP") Regional Lending Consortium. Other directors actively serve as board members on various organizations, including the LIHP, Nassau County Financial Committee, Long Island Parks Commission, and the Long Island Association, all of which are involved in business development endeavors. The board of directors has continued its outreach to low- and moderate-income areas through on-site breakfast meetings. These meetings with community leaders provide a forum for directors to get first hand input as to the credit needs of the various communities. Meetings have been held in South Ozone Park in Queens, Bay Shore in Suffolk County, Nostrand/Newkirk in Brooklyn, Uniondale in Nassau County and at Fordham University in the Bronx.

In December of 1995, EAB's board approved the formation of a Community Development Corporation ("CDC") in order to centralize and expand the bank's community-based lending activities. The CDC is enacted as a subsidiary of EAB, and will coordinate all of the bank's community development activities throughout the bank's delineated community. The subsidiary will be presided over by the bank's CRA officer. The CDC's activities will include small business development funds, investments such as low income tax credits, economic development projects, affordable housing, and philanthropic initiatives.

II. MARKETING

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

EAB's marketing efforts effectively inform all segments of its delineated community of the availability of its credit products and banking services, including low- and moderate-income communities. The bank utilizes a multi-media approach that relies primarily upon print and radio advertising. Other advertising formats are employed, including brochures, statement inserts, outdoor presentations, branch displays and targeted direct mailings. During the first half of 1994 and all of 1995, the bank emphasized its various mortgage, home equity and small business credit products. The campaigns included ads which specifically targeted low- and moderate-income communities. Other direct marketing efforts included the Home Buyers Seminars and Credit Awareness Days sponsored by the bank, as well as EAB's participation in community festivals and special events.

PRINT MEDIA

EAB utilizes regional newspapers, such as Newsday, The New York Times, The New York Post and The New York Daily News to promote its credit products and services. The products promoted include personal loans, home equity loans, home secured loans, mortgages, small business loans and deposit services.

To promote the bank's line of business credit services, publications such as Crain's New York, Crain's Small Business, Newsday, The New York Times, Long Island Business News and Long Island Business are used. Promotions which specifically target low- and moderate-income audiences are placed in The City Sun, City Limits, Amsterdam News, Networking Newspaper and Black Enterprise.

RADIO

To reach the general public in addition to low- and moderate-income individuals, a radio advertising campaign has been developed that promotes EAB's mortgage and small business products. Ads tailored specifically for low- and moderate-income communities promote mortgages offered through SONYMA, FNMA Community Home Buyers Program, and EAB's Neighborhood Mortgage Program. In addition, the bank has used ads to promote EAB's First Time Home Buyers Seminar. Advertisements are presented in both English and Spanish.

TELEVISION

EAB's presence on television consists of the bank's sponsorship of the EAB News 12 Scholar Athlete program as well as a series of 30 second spot advertisements promoting mortgage, home equity and small business loans that appear on the cable networks.

DIRECT MAIL

Sine the last examination, the bank has conducted various direct mail campaigns which target specific

market sectors to promote specific products. During December 1995 the bank contacted 14,600 non-EAB customers who were sent materials presenting the Bank's new Business Credit Line account. Another campaign promoted a new "Point of Sale" service offered to some 600 merchants who process credit card transactions through EAB. In an effort to expand networking and referral opportunities for its business product and service line a campaign targeting accounting professionals was conducted. Other business products marketed through direct mail include Escrow Accounts, Cash Management Accounts, and Lockbox services. During January and February, a special promotion was conducted to present the Home Advantage Credit Line to 110,00 current EAB mortgage and personal loan customers.

III. COMMUNITY DEVELOPMENT

Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions and other factors.

EAB's headquarters is located in Uniondale, New York, which is located in MSA 5380 on Long Island. As of December 31, 1995 the bank's assets totaled \$8.6 billion.

COMMUNITY PROFILE

EAB's delineation is comprised of all of MSA 5380 (Nassau-Suffolk, NY) and a portion of MSA 5600 (New York, NY), consisting of the counties of New York, Queens, Bronx and Kings. The following is information from the U.S. Bureau of the Census 1990 Census Data. The community profiles below consist of the two MSAs which comprise EAB's delineated community.

The tables appearing on the following pages display EAB's delineation by census tract characteristics and demographics. Low- and moderate-income census tracts are defined as those in which the median family median income is less than 50 and 80 percent respectively of the median family income for the MSA.

MSA 5600 (NEW YORK, NY)

Tract Characteristics	New York MSA
Total Number of Tracts	2,115
LESS: Tracts With Zero Population/Housing	53
Tracts Considered for Analysis	2,062
Number of Low/Mod Tracts	736
Percent Low/Mod	35.7%
Number of Minority Tracts*	815
Percent Minority	39.5%
Number L/M & Minority Tracts	532
Percent L/M & Minority	25.8%

* 80% or more minority

Tract Demographics	New York MSA
Population	6,920,692
Population in Low/Mod Tracts	2,831,177
% of Population in Low/Mod Tracts	40.9%
Market Minority Population	4,048,982
% Minority	58.5%
Minority Population in Low/Mod Tracts	2,411,061
% Minority in Low/Mod Tracts	34.8%
Number of Owner Occupied Units	725,763
Owner Occupied Units in Low/Mod Tracts	101,073
% Owner Occupied Units in Low/Mod Tracts	13.9%

The New York, Kings, Queens and Bronx county portion of MSA 5600, which excludes Richmond County, has 6.9 million residents with a minority population of 4 million or 58 percent. The counties with the largest minority population are the Bronx, with 77 percent, and Kings, with 60 percent. There are 2.7 million housing units, of which 726 thousand or 27 percent are owner-occupied. Of these units, 101 thousand or 14 percent are located in low- and moderate-income census tracts. There are 2,062 census tracts in the four counties, of which 736 or 36 percent are low- and moderate-income census tracts.

A total of 324 or 44 percent of these low- and moderate-income tracts are in Kings County. Community contacts with grass-roots organizations and a governmental organization identified the most pressing community credit needs as construction and rehabilitation loans for rental and owner-occupied affordable housing, small business loans under \$5,000, and banking facilities in the South Bronx .

The unemployment rate increased for New York City from 8.4 percent in January 1995 to 9.3 percent in January 1996. In 1995, New York County suffered heavy job losses. Jobs in Kings County increased 1 percent, the Bronx remained unchanged and Queens suffered a significant drop, 5.9 percent, due to losses in the manufacturing and aviation industries.

The financial services industry, including banking, insurance and securities, continues to be a major contributor to employment and the local economy. However, in response to economic and competitive pressures, this industry has consolidated and downsized during the past decade and is continuing to shift operations outside New York City to Westchester, Putnam, and Rockland counties. The public sector, including federal and municipal agencies, has also suffered the effects of consolidation and reduced revenue which limits the creation of new jobs throughout the MSA. Light industry and manufacturing jobs have been slowly leaving the metropolitan area for the past 30 years. Only in the garment and apparel industries have the job loss recently abated. In contrast, health and human services, education and social services remain strong and continue posting modest job gains.

MSA 5380 (NASSAU-SUFFOLK, NY)

Tract Characteristics	Nassau-Suffolk MSA
Total Number of Tracts	582
LESS: Tracts With Zero Population/Housing	8
Tracts Considered for Analysis	574
Number of Low/Mod Tracts	84
Percent Low/Mod	14.6%
Number of Minority Tracts*	20
Percent Minority	3.5%
Number L/M & Minority Tracts	12
Percent L/M & Minority	2.1%

* 80% or more minority

Tract Demographics	Nassau-Suffolk MSA
Population	2,603,986
Population in Low/Mod Tracts	392,872
% of Population in Low/Mod Tracts	15.1%
Market Minority Population	405,821
% Minority	15.6%
Minority Population in Low/Mod Tracts	142,900
% Minority in Low/Mod Tracts	5.5%
Number of Owner Occupied Units	687,506
Owner Occupied Units in Low/Mod Tracts	81,465
% Owner Occupied Units in Low/Mod Tracts	11.8%

The majority of the low- and moderate-income census tracts are located in Hempstead, Roosevelt and Freeport in Nassau County and in the eastern portion of Suffolk County. The major industries are wholesale, retail, and professional services. However, on Long Island, the defense industry, led by large contractors such as Grumman Corporation and Fairchild Republic, are important to the local economy. Foreign policy changes affecting the defense industry have caused consolidation of operations and eliminated thousands of jobs on Long Island.

The housing and construction industry, also a contributor to growth on Long Island, has declined as reduced employment levels suppressed demand for new housing and commercial space. However, the local economy is rebounding with the growth of small businesses and high-technology employers attracted to the region by its skilled white-collar workforce. This growth is being aided by government and industry programs designed to convert defense manufacturing to private sector markets and retain displaced workers. In a further sign of improvement, both resident employment and the size of the labor force increased in March and over the year. A particularly welcome development has been growth in electronics manufacturing. This growth has further fueled a rising demand throughout the labor market for workers with both technical and business skills. The local economy is in its fourth year of expansion with nonfarm jobs up 7,200, a 0.7 percent increase since March 1995.

Assessment Factor L - Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

EAB, in conjunction with a local development corporation, was awarded a Federal Home Loan Bank First Home Club Program grant of \$218 thousand to provide down payment and closing cost assistance to 20 families purchasing homes in the Cypress Hills or Cityline sections of Kings County. During the examination, EAB was again awarded a First Home Club Program grant to assist 25 eligible families purchase homes in New York City. The amount of the second grant has not as yet been determined.

Through the New York Mortgage Coalition, EAB has worked with several community based organizations to provide mortgage counseling services to low- and moderate-income household.

EAB is assisting a credit union and banks servicing low- and moderate-income communities in New York City by depositing funds, participating in loans, providing equipment and services and technical advice. EAB through its East Village Office provides on-going technical assistance and support, handles all non-credit business activities, wire transfers and cashing of checks for the members of a local credit union.

EAB has established a working relationship with a minority owned bank that was established to meet the credit needs of the low- and moderate-income communities of Harlem in New York County and the Morrisania area of the Bronx. Activities between the banks include the purchase of participations by EAB in credits that exceed the smaller bank's lending limits and jointly held First-Time Home Buyer Seminars. Cross-referrals of loan prospects depend on which bank can best meet the needs of the borrower.

APPENDIX A
 SCOPE OF EXAMINATION

SCOPE OF EXAMINATION : FULL SCOPE EXAMINATION INCORPORATING TRADITIONAL GUIDELINES.			
TIME PERIOD REVIEWED	7/1/94 TO 12/31/95		
<u>FINANCIAL INSTITUTION</u> <u>European American Bank</u> <u>Uniondale, NY</u>			<u>PRODUCTS REVIEWED</u> <u>Small Business Loans</u> <u>Home Purchase Loans</u> <u>Home Refinance Loans</u>
<u>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</u>			
<u>ASSESSMENT AREA</u>	<u>TYPE OF EXAMINATION</u>	<u>BRANCHES VISITED</u>	<u>OTHER INFORMATION</u>
<u>MSA 5600</u> <u>(New York, NY)</u>	<u>On-site</u>	<u>4</u>	<u>Loan products are offered in all areas</u>
<u>MSA 5380</u> <u>(Nassau-Suffolk, NY)</u>	<u>On-site</u>	<u>4</u>	