

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 **Great Eastern 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 February 3, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.*

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory".

Great Eastern Bank's CRA performance is assessed as "Satisfactory" over the period of May 1, 1995 through December 31, 1996. This assessment is based on the following performance criteria: 1) a reasonable loan-to-deposit ratio; 2) a majority of loans originated within the assessment area; 3) an excellent distribution of loans to individuals of different income levels and businesses of different sizes; and 4) a reasonable distribution of loans within the bank's assessment area.

The following table indicates the performance level of Great Eastern Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	GREAT EASTERN BANK PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes	X		
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

Great Eastern Bank is a full-service, retail-oriented bank headquartered in Flushing, New York. The bank is not part of a holding company or affiliated with any other financial

institution. According to the September 30, 1996 Report of Condition and Income, the bank's assets totaled \$165 million and deposits totaled \$150 million. Great Eastern Bank offers a variety of small business and commercial loans, including real estate, which represent over 75 percent of the bank's loan portfolio. Loans for one- to four-family dwellings and consumer loans represent less than 20 percent of the portfolio.

In addition to the main bank in Flushing, the bank operates a second full-service branch in the Chinatown neighborhood of lower Manhattan and one loan production office in midtown Manhattan.

There are no financial impediments preventing the bank from meeting the credit needs of its assessment area.

DESCRIPTION OF GREAT EASTERN ASSESSMENT AREA

The following demographic and economic information was obtained from publicly available sources that include the United States Department of Commerce's Bureau of the Census and the United States Department of Labor.

Great Eastern's assessment area is comprised of three separate geographic areas, two in New York County (Manhattan), and a third and largest in Queens County. Of the 517 census tracts in the assessment area, 96 or 19 percent are considered low- and moderate-income.

The Manhattan assessment areas are located in lower Manhattan and in midtown Manhattan. The lower Manhattan community is south of Houston Street, east of Broadway, and north of Maiden Lane to the East River. The midtown Manhattan community is between 21st and 37th Streets and bounded by 1st and 9th Avenues.

The Queens County assessment area includes portions of northern Queens, north of Jamaica Avenue and Atlantic Avenue. Downtown Flushing is the fourth largest retail business center in Queens. According to a community contact, credit needs of the assessment area include small business loans and mortgages for home purchase and home improvement.

The population in Great Eastern's assessment area is 1.7 million, or 23 percent of New York City's 7.3 million population. Twenty-one percent (or 359 thousand) of the assessment area population resides in low- and moderate-income census tracts. Forty-six percent (or 771 thousand) of the assessment area population is minority, of which 36 percent (or 278 thousand) is Asian.

Family demographics in Great Eastern's assessment area are as follows: 20 percent (or

82,530) are classified as low-income families, 17 percent (or 69,576) are moderate- income, 21 percent (or 88,345) are middle-income, and 42 percent (or 176,529) are upper-income. Based on 1990 Census data, families in Great Eastern's assessment area have a median income of \$39,235. Median family income in New York State is \$39,341. The HUD-adjusted 1996 median family income is \$45,800 for Metropolitan Statistical Area 5600 (New York, NY).

There are a total 697 thousand housing units in the bank's assessment area, of which, 233 thousand units (or 33 percent) are owner-occupied. Low- and moderate-income census tracts contain 129 thousand housing units, of which, 16 thousand (or 12 percent) are owner-occupied. The median housing value of the assessment area in 1990 was \$219 thousand, which compares to \$207 thousand for New York City as a whole and \$130 thousand for New York State. The median age for housing in the assessment area is 53 years and is comparable to New York City's median of 54 years.

According to the Division of Research and Statistics, New York Department of Labor, total employment in Manhattan has declined by 9 percent between 1990 and 1994 with the construction, manufacturing, and transportation sectors experiencing the greatest declines. Total employment in Queens has declined by 5 percent between 1990 and 1994 with the manufacturing and construction sectors experiencing the greatest declines.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The CRA evaluation of Great Eastern Bank covered the period May 1, 1995 through December 31, 1996. The CRA performance of the bank is "Satisfactory" and is based on the favorable assessment of the bank's core performance criteria. For the lending, income, and geographic distribution performance levels, the following number of loans were reviewed: 22 mortgage loan originations as reported under the Home Mortgage Disclosure Act ("HMDA"), 82 consumer loans, and 88 small business loans.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and credit needs of its assessment area. The bank's loan-to-deposit ratio, adjusted for seasonal variations and based on the four most recent quarters ending September 30, 1996, is 56 percent. This is below the national peer group average of 67 percent, reported in the September 30, 1996 Uniform Bank Performance Report, and slightly lower than the three similarly situated banks which achieved adjusted loan-to-deposit ratios ranging from 58 to 71 percent for the same period.

As of December 31, 1996, the bank had a \$75 thousand line of credit for community development purposes to a not-for-profit organization that promotes economic development opportunities in Jamaica, Queens.

Lending in the Assessment Area

During the 20-month examination period ending December 31, 1996, Great Eastern Bank originated a majority of its loans within its assessment area. Fifty-four percent (101 out of 186) of the loans sampled were originated within the bank's assessment area. A more detailed analysis reveals that only 48 percent (10 out of 21) of housing-related loans were originated within the bank's assessment area, 55 percent (44 out of 80) of consumer loans, and 55 percent (47 out of 85) of small business loans were originated within the bank's assessment area.

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

Great Eastern Bank's record of lending to borrowers of different income levels (including low- and moderate-income individuals) and businesses of different sizes is excellent, given the demographics of the assessment area. Analyses of the distribution of loans across income levels for each loan category are shown in Tables A and B.

TABLE A
Distribution of Loans Within Assessment Area by Income Level of Borrower
May 1, 1995 through December 31, 1996

	Housing Related	Consumer	TOTAL
LOW INCOME: <i>Less than 50% of Median Income</i>			
Number	7	25	32
Percentage	70%	57%	59%
Amount (\$)	\$3,267,000	\$445,203	\$3,712,203
Percentage	89%	48%	81%
MODERATE INCOME: <i>At least 50% and less than 80% of Median Income</i>			
Number	2	4	6
Percentage	20%	9%	11%
Amount (\$)	\$185,000	\$126,564	\$311,564
Percentage	5%	14%	7%
MIDDLE INCOME: <i>At least 80% and less than 120% of Median Income</i>			
Number	0	6	6
Percentage	0%	14%	11%
Amount (\$)	\$0	\$119,641	\$119,641
Percentage	0%	13%	3%
UPPER INCOME: <i>120% or more of Median Income</i>			
Number	1	9	10
Percentage	10%	20%	19%

Amount (\$)	\$200,000	\$236,851	\$436,851
Percentage	6%	25%	9%

TABLE B
Distribution of Loans Within Assessment Area To Small Businesses
May 1, 1995 through December 31, 1996

Small Business Lending Summary

Number of loans to businesses	Number of loans to small businesses*	% of loans to small businesses*	\$ amount of loans to businesses	\$ amount of loans to small businesses*	% of \$ amount to small businesses*
47	31	66%	\$7,442,145	\$4,650,710	62%

*Represents businesses with gross annual revenues of \$1 million or less.

Housing-Related

Mortgage lending to borrowers of different income levels is excellent. Table A shows that loans to low- and moderate-income borrowers represent 70 and 20 percent, respectively, of total mortgage loans originated within the assessment area. Low- and moderate-income families represent 36 percent of total families in the bank's assessment area.

Consumer

Consumer lending to borrowers of different income levels is strong. Table A shows that the bank originated more loans to low- and moderate-income borrowers than to middle and upper-income borrowers. Loans to low- and moderate-income borrowers combined is 66 percent of the loans sampled, and loans to low-income borrowers is 57 percent of the loans made.

Small Business

The bank's lending to small businesses with revenues of \$1 million or less is strong. Table B shows that a majority of business loans originated within the assessment area were made to small businesses.

Geographic Distribution of Loans

The overall geographic distribution of loans shows that while the bank achieved a reasonable level of lending in moderate-, middle-, and upper-income census tracts, the bank's record of lending in low-income census tracts is somewhat low. An analysis of the dispersion of lending for each loan category follows:

Housing-Related

The geographic distribution of mortgage loans is reasonable. When mortgage lending in the assessment area is adjusted to reflect the number of owner-occupied units, the demand-adjusted level of mortgage lending is stronger in low- and moderate-income census tracts than non-low- and moderate-income census tracts. However, only ten of the 21 HMDA-reportable loans were originated in the bank's assessment area since last examination.

Consumer

An analysis of a sample of consumer loans shows that lending in the low- and moderate-income census tracts in the assessment area is weak. Of consumer loans originated in the assessment area, no loans were originated within low-income tracts and only 11 percent (or 5 of 44) were originated within moderate-income tracts. Comparatively, low- and moderate-income census tracts represent 19 percent of the census tracts within the bank's assessment area.

Small Business

Based on an analysis of a sample of small business loans, distribution is somewhat weak. Of the small business loans originated within the assessment area, 2 percent (1 of 47) were originated within low-income census tracts and 13 percent (6 of 47) were originated within moderate-income census tracts. As previously mentioned, 19 percent of the census tracts are of low- and moderate-income. An analysis of the dollar volume of small business loans reveals a more reasonable distribution, with 31 percent originated within low- and moderate-income census tracts.

Response to Complaints

No complaints relating to Great Eastern's CRA performance were received by the bank and none have been filed with the Federal Reserve Bank of New York since the prior examination.

Great Eastern is in compliance with the substantive provisions of antidiscrimination laws and regulations including the Equal Credit Opportunity Act (Regulation B), the Fair Housing Act and any agency regulations pertaining to nondiscriminatory treatment of credit applications.