

PUBLIC DISCLOSURE

September 6, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**GREAT EASTERN BANK
RSSD No. 960609**

**235 Fifth Avenue
New York, NY 10016**

FEDERAL RESERVE BANK OF NEW YORK

**33 LIBERTY STREET
NEW YORK, N.Y. 10045**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, 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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INSTITUTION'S CRA RATING: Great Eastern Bank is rated “**SATISFACTORY.**”

The following table indicates the performance level of the institution with respect to the lending, and community development tests.

PERFORMANCE LEVELS	GREAT EASTERN BANK	
	PERFORMANCE TESTS	
	Lending Test	Community Development Test
Outstanding		
Satisfactory	X	X
Needs to Improve		
Substantial Noncompliance		

The satisfactory performance of Great Eastern Bank (“GEB”) with regard to the Community Reinvestment Act (“CRA”) is based on the following performance criteria:

- The bank’s loan-to-deposit ratio was reasonable.
- The majority of loans were made in the assessment area.
- The distribution of loans to businesses of different sizes was reasonable.
- The geographic distribution of loans in the assessment area was excellent.
- The level of responsiveness to the community development needs of its assessment area through community development loans, qualified investments and community development services was reasonable.

DESCRIPTION OF INSTITUTION

Established in 1986, Great Eastern Bank (“GEB”) is a New York State-chartered banking corporation. It is a community bank with deposits and loans concentrated in the Chinese and Taiwanese communities of New York City. GEB’s business strategy emphasizes commercial lending which is reflected in the composition of the loan portfolio and lending activity. Home mortgage and other consumer loans are only provided as an accommodation to their commercial customers.

As of December 31, 2004, the bank reported total assets of \$307 million, with total net loans and leases of \$191 million and total deposits of \$180 million. Three major types of lending continue to dominate the portfolio, specifically trade finance, commercial and industrial, and commercial mortgage loans. Residential mortgage lending represented only 3% of the loan portfolio and consumer lending was negligible.

As of December 31, 2004, GEB operated four full-service branch offices in New York City, two in the borough of Manhattan and one each in the boroughs of Brooklyn and Queens. A fifth branch opened in Queens in March 2005. The bank’s market is highly competitive with branches of numerous local, regional and multinational banks, mortgage companies, and other financial institutions operating in the bank’s assessment area.

GEB’s previous CRA examination was dated April 7, 2003, and the bank received an overall rating of “satisfactory.” There are no financial or legal factors preventing GEB from serving credit needs in its assessment area.

DESCRIPTION OF THE BANK’S ASSESSMENT AREA

The bank has one assessment area, which includes Brooklyn, Queens, and a portion of Manhattan encompassing the area south of 57th Street from the East Side to the West Side of the borough. The assessment area is located in Metropolitan Division (“MD”) 35644 (New York-Wayne-White Plains, NY-NJ). The assessment area is unchanged since the previous examination and does not arbitrarily exclude low- or moderate-income (“LMI”) geographies. A map illustrating GEB’s assessment area is on page BB12.

SCOPE OF EXAMINATION

Procedures

GEB’s assessment areas were reviewed using the Federal Financial Institutions Examination Council’s *Intermediate Small Bank Examination Procedures*.

Products

Loan products evaluated include small business and other loans qualifying as community development loans. The small business loans evaluated were reported under CRA. Examiners verified the integrity of small business loan data the bank reported in 2003 and 2004. GEB also extends HMDA reportable loans on an accommodation basis to its commercial customers. Accordingly, HMDA loan types were not analyzed during this examination because the bank's business strategies resulted in low volumes and would not affect the overall conclusions, if included. Multifamily loans qualifying as community development loans were considered in the evaluation of community development.

Examination Period

Small business loans originated between January 1, 2003, and December 31, 2004, were evaluated. Examiners also reviewed activities pertaining to the community development test covering the same period.

Lending Distribution Analysis

Only loans in GEB's assessment areas were included in the analysis of geographic and borrower distribution. A separate analysis of 2003 and 2004 data was conducted for geographic and borrower distribution because of a change in CRA and HMDA reporting requirements. In accordance with the reporting requirements, loans from January 1, 2003, through December 31, 2003, were reported and evaluated using the assessment area definitions issued by the Office of Management and Budget ("OMB") through December 31, 2003. Loans originated from January 1, 2004, through December 31, 2004, were reported and analyzed using the new OMB assessment area definitions.

To evaluate the geographic distribution of small business loans, the analysis compared the proportion of loans originations with the proportion of businesses located in LMI and non-LMI geographies. In order to analyze lending to businesses of different sizes the proportion of originations to businesses with Gross Annual Revenues (GAR) of \$1 million or less was compared to the number of business establishments with GAR of \$1 million or less within GEB's assessment area.. The size of the small business loan was also used as a proxy to identify lending to businesses with GAR of \$1 million or less.

Examiners contacted members of two community organizations during this examination. One community development organization focused on affordable housing while the other community development organization provided services targeted to low- or moderate-income individuals.

PERFORMANCE CONTEXT

The following demographic and economic information was obtained from publicly available sources that include the U.S. Department of Commerce's Bureau of Census, the New York State Department of Labor, the U.S. Department of Housing and Urban Development ("HUD") and the New York Association of Realtors.

Demographic Characteristics

The assessment area is large and densely populated in relation to the size of the bank. According to the 2000 Census, the population of GEB's assessment area totals 5,268,563. The assessment area contains 1,587 census tracts of which 144 (9%) are low-income, 461 (29%) are moderate-income, 558 (35%) are middle-income and 387 (24%) are upper-income. No income information is available for 37 census tracts (2%).

Income Characteristics

The HUD-adjusted median family income for PMSA 5600 (New York, NY) was \$51,900 in 2003 and was \$57,000 for MD 35644 (New York-Wayne-White Plains, NY-NJ) in 2004. According to the 2000 Census of the 1,233,715 families residing in the assessment area, 46% are of low- or moderate-income and 17% of all families reside below the poverty level.

Housing Characteristics

The assessment area contains 2,077,448 housing units, of which 31% are owner-occupied. In LMI census tracts, owner-occupied units represent 17% of total housing units.

Area	2003	2004
Manhattan	\$495,000	\$605,859
Queens	\$370,000	\$420,000
Brooklyn	\$430,000	\$235,000

Prudential Douglas Elliman Real Estate - Manhattan
New York State Assoc of Realtors - Brooklyn/Queens

As shown in the table at left, the median sales price for single family housing in New York City is significant. Median housing prices were at least 9 times the income of a moderate-income family in 2003 and at least 5 times the income of a moderate-income family in 2004. Given the high cost of housing, homeownership opportunities for low- and moderate-income individuals are limited without some form of assistance.

Exhibit 1 on the following page provides additional information related to GEB's assessment area demographics.

EXHIBIT # 1
Assessment Area Demographics
New York Assessment Area 2004

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	144	9.1	127,336	10.3	52,130	40.9	358,262	29.0
Moderate-income	461	29.0	413,270	33.5	92,388	22.4	210,630	17.1
Middle-income	558	35.2	435,457	35.3	49,890	11.5	220,000	17.8
Upper-income	387	24.4	257,652	20.9	12,592	4.9	444,823	36.1
Unknown-income	37	2.3	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,587	100.0	1,233,715	100.0	207,000	16.8	1,233,715	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	190,737	15,853	2.5	8.3	163,427	85.7	11,457	6.0
Moderate-income	637,150	124,597	19.5	19.6	479,368	75.2	33,185	5.2
Middle-income	703,131	259,883	40.7	37.0	412,129	58.6	31,119	4.4
Upper-income	546,284	238,047	37.3	43.6	274,600	50.3	33,637	6.2
Unknown-income	146	1	0.0	0.7	28	19.2	117	80.1
Total Assessment Area	2,077,448	638,381	100.0	30.7	1,329,552	64.0	109,515	5.3
Income Categories	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	11,030	5.4	9,273	5.6	1,064	3.7	693	6.9
Moderate-income	43,398	21.2	36,674	22.1	4,094	14.1	2,630	26.3
Middle-income	48,493	23.7	40,949	24.7	5,038	17.4	2,506	25.0
Upper-income	98,328	48.1	76,455	46.2	17,814	61.5	4,059	40.5
Unknown-income	3,374	1.6	2,293	1.4	953	3.3	128	1.3
Total Assessment Area	204,623	100.0	165,644	100.0	28,963	100.0	10,016	100.0
	Percentage of Total Businesses:			81.0		14.2		4.9

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

GEB's record of meeting the credit needs of its assessment areas through its lending performance is rated satisfactory. GEB originated a majority of its loans within its assessment area and its loan-to-deposit ratio was reasonable. The overall distribution of its loans among businesses of different sizes was adequate. The geographic distribution of small business loans reflected outstanding penetration throughout the bank's assessment area.

Loan-to-Deposit Ratio

Bank's loan-to-deposit ratio was reasonable given the bank's size, financial condition, and the credit needs of its assessment area. The bank's average loan-to-deposit ratio for the eight most recent quarters ending December 31, 2004, was 67%, based on information contained in its *Consolidated Report of Condition and Income*. This ratio was below the national peer average of 80% for similarly sized banks but only slightly below the average ratio of 70% for similarly sized banks located in the assessment area during the same time period.

Lending in Assessment Area

GEB originated a majority of its loans in its assessment area. Of the 181 small business loans originated in 2004 107 or 59% were extended to businesses located in the bank's assessment area.

Lending to Businesses of Different Sizes

Overall distribution of small business loans to businesses with GAR of \$1 million or less was reasonable in comparison to the number of business establishments with GAR of \$1 million or less. As noted in Exhibit 2 below, 56% of the loans were made to such businesses while 81% of all business establishments have revenues of \$1 million or less. Performance however exceeded the aggregate of all lenders.

Of the small business loans reported, only 26% were for \$100,000 or less. The average size of these loans was \$53,750, an amount that would typically meet the credit needs of smaller businesses. GEB primarily lends to small businesses on a secured real estate basis which generally results in a low volume of loans \$100,000 or less.

<p align="center">Exhibit 2 Distribution of Loans in Assessment Area By Size of Business January 1, 2004 – December 31, 2004</p>					
<p align="center">Small Business Lending Summary</p>					
Number of loans to businesses	Number of loans to <u>small</u> businesses	% of loans to <u>small</u> businesses	\$ amount of loans to businesses	\$ amount of loans to <u>small</u> businesses	% of \$ amount of loans to <u>small</u> businesses
107	60	56%	\$33,693,000	\$12,400,000	37%

Geographic Distribution of Loans

GEB's overall geographic distribution of small business loans was considered outstanding given the demographics of the bank's assessment area. Of the 107 small business loans originated in the bank's assessment area, 8% were originated in low-income census tracts and 36% were originated in moderate-income census tracts. This performance compares very favorably to the 5% and 21% of business establishments located in low- and moderate-income census tracts, respectively. GEB's small business penetration also exceeded the aggregate of other lenders, which reported 5% of their loans in low-income census tracts and 20% of their loans in moderate-income census tracts.

Response to Complaints

GEB received no complaints relating to the bank's CRA performance, and no complaints have been filed with the Federal Reserve Bank of New York since the previous examination.

COMMUNITY DEVELOPMENT TEST

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

Community Development Lending

During the examination period, GEB made three community development loans totaling \$1.1 million. The community development loans originated during the evaluation period include a \$700 thousand participation in a \$4.2 million loan to finance construction of 48 units of affordable rental housing in the Bronx which community contacts have identified as a critical need in the assessment area. Additionally, GEB provided a \$300 thousand line of credit to a community development organization which offers a number of initiatives targeting small business development in Queens, NY and a \$100 thousand line of credit to another business development organization which provides loans to small businesses across New York State. Small business financing has also been noted as an important community development need in the assessment area.

Qualified Investments

Qualified Investments included a \$1 million investment in a fund which invests in CRA eligible investments within GEB's assessment area as well as the New York City regional area and a \$50 thousand deposit in a community development credit union. The deposit allows the credit union to help meet the credit needs of the assessment area. Additionally, GEB made \$34 thousand in grants and donations to organizations providing community services and that sponsor affordable housing and economic development activities throughout the assessment area.

Community Development Services

GEB's President serves as a member of the audit and loan committee of a business development organization. Additionally, the bank has three of four branches located in moderate-income census tracts as of December 31, 2004. These branches provide important and needed retail banking services to the local residents within those moderate-income census tracts.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices, including the Equal Credit Opportunity Act and the Fair Housing Act, was identified as being inconsistent with helping to meet community credit needs.

CRA APPENDIX A

GLOSSARY

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

Census tract: A small, relatively permanent statistical subdivision of a county or statistically equivalent entity, delineated for data presentation purposes by a local group of census data users or the geographic staff of a regional census center in accordance with Census Bureau guidelines. Designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time they are established, census tracts generally contain between 1,000 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries are delineated with the intention of being stable over many decades, so they generally follow relatively permanent visible features. However, they may follow governmental unit boundaries and other invisible features in some instances; the boundary of a state or county (or statistically equivalent entity) is always a census tract boundary.

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

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

Family: A family is a group of two people or more related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.

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

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancings of home improvement and home purchase loans.

Household: A household consists of all the people who occupy a housing unit. A household includes the related family members and all the unrelated people, if any, such as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is also counted as a household. The count of households excludes group quarters.

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

Metropolitan Statistical Area (“MSA”): A geographic entity defined by the federal Office of Management and Budget for use by federal statistical agencies, based on the concept of a core area with a large population nucleus, plus adjacent communities having a high degree of economic and social integration with that core.

Metropolitan Division: A county or group of counties within a **Metropolitan Statistical Area** that contains a population of at least 2.5 million and represents an employment center(s) associated through commuting ties.

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

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

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

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

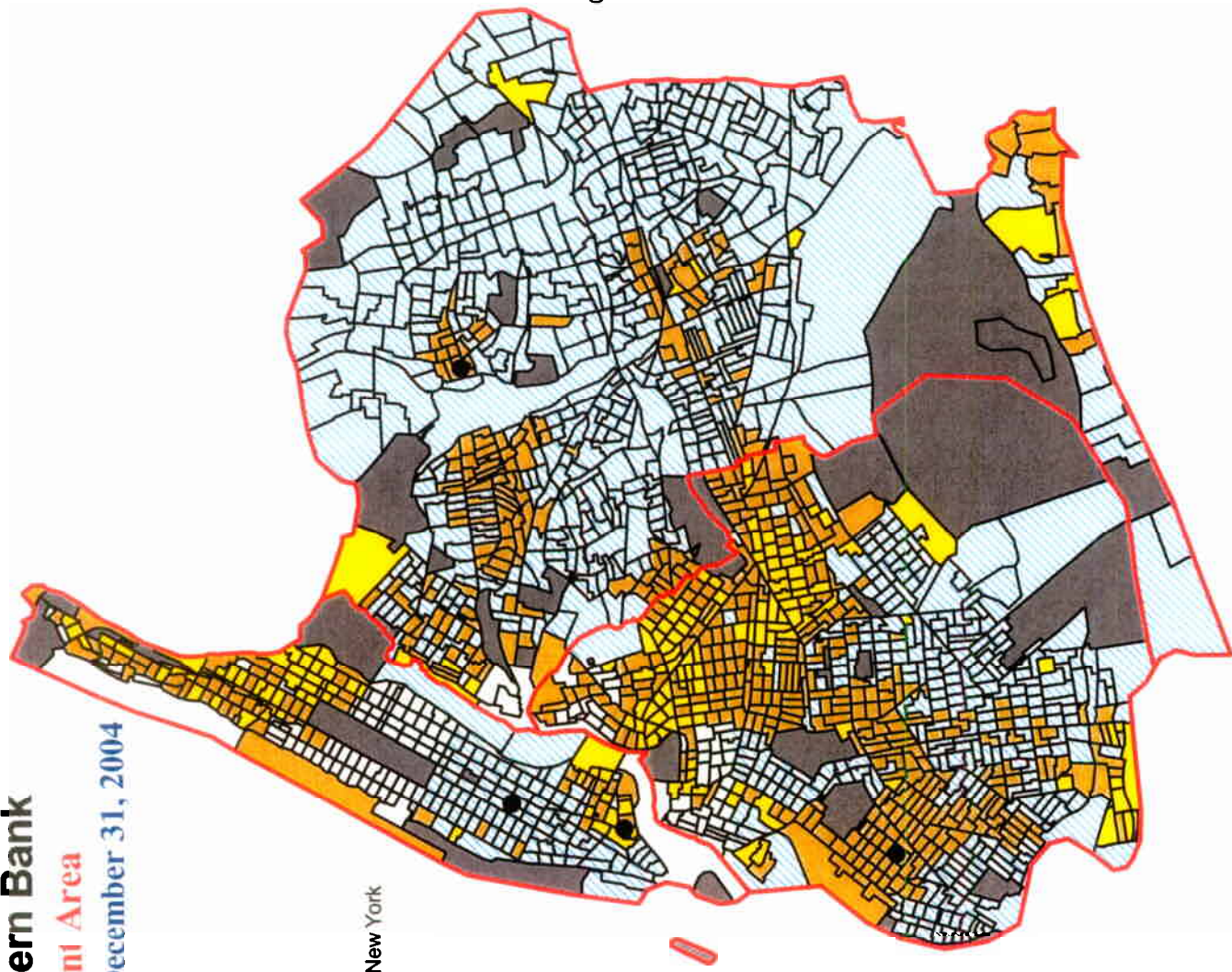
Upper-income: Individual income that is more than 120% of the area median income, or a median family income that is more than 120%, in the case of a geography

Great Eastern Bank

Assessment Area
January 1, 2004 - December 31, 2004

Legend

- Assessment Area
- Zero Income Tracts
- Low Income Tracts
- Moderate Income Tracts
- 2000 Census Tracts
- Counties
- Branch



Miles

0 2 4