

PUBLIC DISCLOSURE

July 6, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First American International Bank
35186**

**5503 Eight Avenue
Brooklyn, New York 11220**

**Federal Deposit Insurance Corporation
20 Exchange Place
New York, New York 10005**

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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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 **First American International Bank, Brooklyn, New York** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **July 6, 2009**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area 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 345.*

INSTITUTION RATING

INSTITUTION'S OVERALL CRA RATING is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The First American International Bank's (FAIB's) overall CRA performance is "Satisfactory" and reflects its commitment to meeting the credit needs of its assessment area. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area in a manner consistent with its resources and capabilities. The bank's CRA-related activities from its previous evaluation date of June 30, 2006, to July 6, 2009, were considered. The following points summarize the basis for the overall rating.

LENDING TEST

- The bank's lending levels reflect adequate responsiveness to assessment area credit needs. The bank's average loan-to-deposit ratio of 90.8 percent is reasonable, given the bank's size, financial condition, available lending opportunities, and assessment area credit needs.
- A majority of the bank's loans was originated within its assessment area and is considered satisfactory.
- The geographic distribution of commercial loans and 1-4 family residential loans reflects an excellent dispersion throughout the assessment area.
- The distribution of the bank's commercial loan reflects excellent penetration among retail customers of different revenue size, while the distribution of its 1-4 family residential loans reflects satisfactory penetration among borrowers of different income levels. Overall, the bank's performance is considered outstanding.
- During the evaluation period, no complaints regarding the bank's CRA performance were received. Therefore, this criterion was not considered in assigning the overall rating.

COMMUNITY DEVELOPMENT TEST

- The bank's overall 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, considering the bank's capacity, as well as the need and availability of such opportunities in its assessment area.

SCOPE OF EXAMINATION

First American International Bank's (FAIB) CRA activities in its assessment area were reviewed using the "Intermediate Small Bank" evaluation procedures, covering the period from June 30, 2006, to July 6, 2009. This evaluation focused on FAIB's commercial loans and 1-4 family residential loans which, when combined, represented approximately 99.8 percent of its total loan portfolio as of March 31, 2009. The commercial loan category consists of commercial real estate loans, commercial and industrial loans, and construction loans. To ensure the bank's most recent performance would be evaluated, the bank's 2007 and 2008 Home Mortgage Disclosure (HMDA) Loan Application Registry (LAR) and samples from the 2007 and 2008 commercial loan originations were utilized for the review and presented in detail. The bank's HMDA LAR data for the first six months of 2009 was not yet available as of the examination date.

The Lending Test evaluated the institution's performance pursuant to the following criteria: net loan-to-deposit ratio, lending in the assessment area, geographic distribution of loans, lending to businesses of different sizes and individuals of different income levels, and the bank's record of taking action in response to CRA complaints.

There were no CRA-related complaints received since the prior evaluation; therefore, this factor was not considered in the assignment of the overall rating. In addition, when determining the overall rating, more weight was placed on the commercial loan originations than on 1-4 family residential loans (HMDA loans), since 86.4 percent of the number of recent loan originations were for business purposes.

The Community Development Test focused on the bank's community development lending, investments, and services.

DESCRIPTION OF INSTITUTION

FAIB is a state-chartered, nonmember bank that was established in 1999. FAIB operates nine offices, two branches in Brooklyn (Kings County), four branches in Queens County, and three branches in Manhattan (New York County). FAIB also operates a mortgage sales center in Brooklyn and a mortgage/loan center in Manhattan.

FAIB offers convenient banking hours. Most branches are open on Saturday and Sunday. The following table lists banking hour for each of FAIB's offices.

Location	Lobby Hours
5503 8 th Avenue (Main Office) Brooklyn, NY	Monday – Friday: 8:30 a.m. – 5:00 p.m. Saturday - Sunday: 10:00 a.m. – 2:00 p.m.
29 Bowery, New York, NY	
42-08 Main Street Flushing, NY	
5902 8 th Avenue Brooklyn, NY	
40-48 Main Street Flushing, NY	
123 East Broadway New York, NY	Monday – Friday: 8:30 a.m. – 5:00 p.m. Sunday: 10:00 a.m. – 2:00 p.m.
240 Grand Street New York, NY	
107-50 Queens Boulevard Forest Hills, NY	Monday – Friday: 8:30 a.m. – 5:00 p.m. Saturday: 10:00 a.m. – 2:00 p.m.
Mortgage Sales Center 5417 8 th Avenue Brooklyn, NY	Monday – Friday: 9:00 a.m. – 5:00 p.m.
Mortgage/Loan Center 79 Bayard Street New York, NY	
8603 Queens Boulevard Elmhurst, NY	Monday – Friday: 8:30 a.m. – 4:00 p.m. Saturday - Sunday: 10:00 a.m. – 2:00 p.m.

FAIB has been certified by the United States Department of the Treasury (USDOT) as a Community Development Financial Institution (CDFI). The CDFI program was established by USDOT to increase the promotion of community development. Federal resources are allocated through the CDFI Fund to support the efforts of CDFIs in promoting economic development,

affordable housing, and financial services to underserved communities. The certification lasts three years; however, it can be repeatedly extended, provided the institution continues to meet the eligibility requirements for inclusion in the CDFI program. The bank was recertified as a CDFI in 2009.

The bank offers a variety of credit and deposit products, as well as financial services. Examples of deposit account offerings include regular savings, personal and business checking accounts, NOW accounts, personal and business money market accounts, certificates of deposit (CDs), and individual retirement accounts (IRAs). The bank offers telephone banking services, but not internet banking service. Available loan products include 1-4 family residential mortgages, refinance mortgages, multi-family mortgages, commercial mortgages, home equity loans and lines of credit, commercial and industrial loans, personal loans, and small business loans. The bank is primarily a commercial real estate lender, including loans for mixed-use properties that contain both commercial and residential facilities at the same location. The bank faces intense competition in its service area from many large money-center institutions, national and regional banks, savings and loan associations, and mortgage brokers.

As of March 31, 2009, FAIB reported \$613.3 million in total assets, of which \$516.9 million (84.3 percent) was comprised of loans and \$17.0 million (2.8 percent) was securities. According to the March 31, 2009 Report of Condition, the loan portfolio consisted of the following loan types.

Table 1 - Loan Distribution as of March 31, 2009		
Loan Type	Dollar Amount (000s)	Percent of Total Loans (%)
Construction & Land Development	132,675	25.7%
1-4 Family Residential	52,739	10.2%
Multi-Family (5 or more) Residential	26,312	5.1%
Commercial Real Estate	293,612	56.8%
Total Real Estate Loans	505,338	97.8%
Commercial and Industrial	10,461	2.0%
Consumer	1,099	0.2%
Total Loans	516,898	100

Source: 03/31/2009 Report of Condition;

As shown in Table 1, 89.6 percent of the bank's lending is for commercial use.

There are no legal or financial impediments or other concerns about the bank’s financial condition that would prohibit the bank from meeting the credit needs of its community.

DESCRIPTION OF ASSESSMENT AREA

The bank’s assessment area (AA), as defined for CRA purposes, includes all of Kings, New York, Queens, and Richmond counties. This assessment area is comprised entirely of whole geographies and does not arbitrarily exclude any low- or moderate-income census tracts. All of the counties in the assessment area are located in Metropolitan Division (MD) #35644.

The bank’s assessment area consists of 1,862 census tracts. The categorization of census tracts is based upon median family income (MFI) figures established by the United States Census Bureau. Census tracts are defined by income characteristics as follows: a low-income tract is one in which the MFI is less than 50 percent of the MFI of the MSA (Metropolitan Statistical Area) or MD, if applicable, in which it is located; a moderate-income tract is one in which the MFI is at least 50 percent but less than 80 percent of the MFI of the MSA or MD; a middle-income tract is one in which the MFI is at least 80 percent but less than 120 percent of the MFI of the MSA or MD; and an upper-income tract is one in which the MFI meets or exceeds 120 percent of the MFI of the MSA or MD. The United States Department of Housing and Urban Development (“HUD”) annually adjusts the MFI figures. The 2007 and 2008 HUD-adjusted MFI for MD #35644 were \$59,500 and \$63,000, respectively.

Demographic Data

Based upon the 2000 U.S. Census, the AA has a population of 6,675,628. Table 2 below illustrates general demographic information of the bank’s assessment area according to the 2000 US Census.

Table 2 – Assessment Area Demographics – New York Assessment Area						
Income Level	Number of Census Tracts	Percent of Census Tracts (%)	Population	Percent of Population (%)	Number of Households	Percent of Households (%)
Low	194	10.4	771,870	11.6	256,960	10.1
Moderate	515	27.7	2,102,885	31.5	727,267	28.4
Middle	598	32.1	1,951,986	29.2	727,870	28.4
Upper	511	27.4	1,845,793	27.6	847,079	33.1
NA	44	2.4	3,094	0.1	59	0.0
Total	1,862	100.0	6,675,628	100.0	2,559,235	100.0

Source: 2000 US Census

Approximately 16.6 percent of the 1.6 million families in the assessment area live below the poverty level. The figure is higher than the New York-White Plains-Wayne, NY-NJ MD’s 15.0 percent and is markedly higher than New York State’s 11.5 percent.

Economic Information

New York City's economy is in recession, as economic conditions have deteriorated rapidly over the past several months. The city's economy is fairly diverse and includes several sectors that are less affected by the economic cycles, such as education and health services. The area's economy are also tied to the US financial markets, as jobs are highly concentrated in the financial activities and professional and business services sectors.

New York's job growth slowed considerably from 1.7 percent in July 2007 to a loss of 2.5 percent in June 2009. Upheaval in the financial activities sector, which constitutes more than 8.0 percent of the state's workforce, contributed to economic weakness. Financial sector losses have been acute in New York City, which lost 17,700 securities jobs (more than 9.0 percent) between September 2007 and November 2008.

Losses in consumer driven industries, such as retail and leisure/hospitality, have been particularly severe over the past several months. Since mid-2008 the unemployment rate has risen nearly 2.9 percent to 9.5 percent. Mortgage delinquencies increased in the second half of 2008, and both single-family and condominium prices are now falling. Nearly half of the state's 13 metropolitan areas recorded home price declines in the year ending third quarter 2008. The greatest percentage declines were in suburbs and exurbs of New York City.

According to the 2008 business data derived from Dun and Bradstreet (D&B) Business Geodemographic Data, there are a total of 588,716 businesses located in the bank's assessment area. Approximately 67.0 percent of these businesses reported revenues of \$1.0 million or less and are, therefore, considered "small businesses" for the purposes of this evaluation. Approximately 67.4 percent of these businesses reported having less than 10 employees and 93.0 percent are "single location" businesses.

There is a high level of competition to provide banking services within the bank's assessment area. The area is dominated by JP Morgan Chase Bank, Bank of America, Citibank, HSBC, and Bank of New York.

Community Contact

One prior community contact interview, conducted in January 2009, was reviewed to assist in developing the performance context for this evaluation. The contact, a real estate developer, provided information regarding the current local economic trends and credit needs in the assessment area, which is summarized below.

The assessment area has seen a continuous influx of new immigrants in recent years. This has expanded the local economy in areas where new immigrants like to congregate in the trade, retail, and service industries. The recent dire economic conditions have forced banks, especially the minority-owned banks, to tighten their credit standards and it is getting more difficult for small

business to obtain financing. Overall, the contact felt that the area's credit needs have generally been met.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

FAIB was evaluated as an "Intermediate Small Bank," which is defined as a small institution with assets of at least \$277 million as of December 31st of both of the prior two calendar years, and less than \$1.109 billion as of December 31st of either of the prior two calendar years.

LENDING TEST

As indicated earlier, more weight was placed on the bank's commercial loan performance, rather than its 1-4 family residential loans, when evaluating the lending activities.

Loan-to-Deposit Ratio

Overall, the bank's net loan-to-deposit ratio (LTD) is reasonable when considering the bank's size, available lending opportunities, and the performance context in which it operates, as well as in comparison to its peer group.

FAIB's average LTD ratio was calculated based on the 12 quarterly Uniform Bank Performance Reports issued since the previous evaluation in June 2006. The ratio is calculated using net loans and leases in relation to total deposits. For the period reviewed, the bank's average LTD ratio was 90.8 percent. To assist in the analysis of the adequacy of the bank performance, the LTD ratios of similar-sized institutions located in the surrounding area were also reviewed. Five such institutions were reviewed for comparability of branching networks, product mix, and customer base. All have 80.0 percent to 96.2 percent of their loan portfolios in commercial lending. In addition, all have between three and nine offices. The bank's average LTD ratio is comparable to its peers, which have LTD ratios ranging from 84.0 percent to 117.2 percent.

FAIB's quarterly LTD has been maintained between the mid 70 percentiles to the high 90 percentiles since the prior evaluation. FAIB's 2009 first quarter LTD ratio was 99.8 percent.

After consideration of the characteristics of the deposit base, the bank's overall lending performance is considered satisfactory.

Assessment Area Concentration

The performance evaluation of the bank's commercial loans was based on a sample from its origination of 192 commercial loans, totaling \$228.8 million, during 2007, and its origination of 179 commercial loans, totaling \$156.3 million, during 2008. Based on a 90.0 percent confidence interval and 15.0 percent precision level, 72 commercial loans, totaling \$26.8 million, were selected. The evaluation of the bank's 1-4 family residential loans was based on the bank's 2007 and 2008 HMDA LARs.

The majority of loans originated by the bank during 2007 and 2008 was located inside the assessment area. As illustrated in Table 3, 85.3 percent of the number and 89.3 percent of the dollar volume of total originations were within the bank's assessment area.

Table 3 - Distribution of Loans Inside and Outside of the Assessment Area										
<i>Loan Category or Type</i>	<i>Number of Loans</i>					<i>Dollars in Loans (000s)</i>				
	<i>Inside</i>		<i>Outside</i>		<i>Total</i>	<i>Inside</i>		<i>Outside</i>		<i>Total</i>
	<i>#</i>	<i>%</i>	<i>#</i>	<i>%</i>		<i>\$</i>	<i>%</i>	<i>\$</i>	<i>%</i>	
HMDA										
2007	89	84.0	17	16.0	106	51,211	89.7	5,884	10.3	57,095
2008	297	85.8	49	14.2	346	133,349	90.0	14,874	10.0	148,223
Subtotal	386	85.4	66	14.6	452	184,560	89.9	20,758	10.1	205,318
Commercial										
2007	29	78.4	8	21.6	37	10,652	80.1	2,643	19.9	13,295
2008	32	91.4	3	8.6	35	12,128	89.5	1,420	10.5	13,548
Subtotal	61	84.7	11	15.3	72	22,780	84.9	4,063	15.1	26,843
Total	447	85.3	77	14.7	524	207,340	89.3	24,821	10.7	232,161

Source: HMDA LARs (2007, 2008), Bank Data (2007, 2008)

A majority of the commercial loans and HMDA loans, by both number and by dollar amount, were originated in the institution's assessment area. The significant increase in 2008 HMDA loans is due to local residents taking advantage of significantly lower home prices and interest rates. Overall, the bank's level of lending within the assessment area reflects good penetration and is considered satisfactory.

Borrower Profile

Given the demographics of the assessment area, the distribution of commercial loans and 1-4 residential loans reflects outstanding penetration among retail customers of different income levels and business customers of different sizes.

Commercial Lending

The bank's distribution of commercial loans to businesses of different revenue levels reflects an outstanding performance.

Tables 4a and 4b present information on the number and amount of commercial loan originations by business revenues and by loan amount, respectively.

Table 4a– Distribution of Commercial Loans by Gross Annual Revenue in New York Assessment Area											
Gross Annual Revenues (\$000)	% of Businesses		Gross Annual Revenues (\$000)	2007				2008			
	2007	2008		#	% of #	\$ (\$000)	% of \$	#	% of #	\$ (\$000)	% of \$
(NA)	(NA)	(NA)	≤ \$250	27	93.1	9,502	89.2	25	78.1	9,187	75.8
			> \$250 to ≤ \$500	2	6.9	1,150	10.8	6	18.8	1,941	16.0
			> \$500 ≤ \$1,000	0	0	0	0	0	0	0	0
≤ \$1,000	66.4	67.8	≤ \$1,000 (Subtotal)	29	100	10,652	100	31	96.9	11,128	91.8
> \$1,000 or NA	33.6	32.2	> \$1,000 or NA	0	0	0	0	1	3.1	1,000	8.2
Total	100	100	Total	29	100	10,652	100	32	100	12,128	100

Source: Bank Data (2007 & 2008) Dun & Bradstreet (2007 & 2008)

Table 4a shows that the bank's lending to businesses with gross annual revenues (GAR) of \$1 million or less compares favorably to the area's business demographics. In 2007, all loans were to businesses with GAR of \$500,000 or less, and in 2008, all except for one loan were to businesses in that same category. This indicates that the bank's commercial lending is overwhelmingly targeted to smaller-sized business.

<i>Table 4b– Distribution of Commercial Loans by Loan Size</i>								
<i>Loan Size (\$000s)</i>	<i>2007</i>				<i>2008</i>			
	<i>#</i>	<i>% of #</i>	<i>\$ (\$000)</i>	<i>% of \$</i>	<i>#</i>	<i>% of #</i>	<i>\$ (\$000)</i>	<i>% of \$</i>
<i>≤ \$100</i>	2	6.9	172	1.6	6	18.7	580	4.8
<i>> \$100 and ≤ \$250</i>	12	41.4	1,989	18.7	11	34.4	2,050	16.9
<i>> \$250 and ≤ \$1,000</i>	15	51.7	8,491	79.7	15	46.9	9,498	78.3
<i>Total</i>	29	100	10,652	100	32	100	12,128	100

Source: Bank Loan Data (2007 & 2008)

Since data relative to loan size is an indirect measure of small business lending performance, commercial loans were also analyzed by loan size. Table 4b indicates that by number, approximately 48.3 percent of the commercial loans originated in 2007 and 53.1 percent of commercial loans originated in 2008 within the bank’s assessment area were for loan amounts of \$250,000 or less. This represents approximately half of the bank’s commercial loan originations and indicates that the bank is meeting the credit needs of the area businesses, especially smaller businesses that traditionally require smaller loan amounts. In evaluating the bank’s record, less emphasis was placed on the bank’s lending record by loan size since there is no comparable lending data within the bank’s assessment area for comparison.

Overall, the distribution of FAIB’s commercial lending by different gross annual revenues reflects an outstanding penetration among business customers of different sizes.

HMDA Loans

Regarding the 1-4 family residential lending distribution, examiners focused on those HMDA loans that have purchase or refinance as their purpose since the overwhelming majority of the bank’s 1-4 family residential lending is for these purposes. FAIB originated 71 purchase and refinance loans totaling \$30.9 million within its AA in 2007. In 2008, the bank originated 277 such loans with a total loan amount of \$113.2 million.

Table 5 below indicates FAIB’s record of lending by borrowers income within its assessment area and is considered satisfactory.

Table 5 - Distribution of 1-4 Family Purchase/Refinance HMDA Loans by Borrower Income											
Income Level	2007 HMDA Aggregate Data		% Families	2007				2008			
	% Number	% Amount		#	% of #	\$ (\$000)	% of \$	#	% of #	\$ (\$000)	% of \$
Low	0.5	0.2	28.4	1	1.4	70	0.2	0	0	0	0
Moderate	3.5	1.3	16.3	5	7.0	424	1.4	12	4.3	1,809	1.6
Middle	11.7	6.4	17.2	8	11.3	1,732	5.6	53	19.1	13,345	11.8
Upper	77.8	84.8	38.1	43	60.6	17,064	55.1	201	72.6	92,009	81.3
\$0/NA Income	6.5	7.3	NA	14	19.7	11,655	37.7	11	4.0	6,054	5.3
Total	100	100	100	71	100	30,945	100	277	100	113,217	100

Source: 2000 US Census; HMDA LARs (2007 & 2008)

As illustrated in Table 5, the bank's 2007 distribution of its 1-4 family loans by number is considered strong to low- and moderate- income borrowers and satisfactory by loan amount, when compared to the 2007 HMDA peer data. However, when compared to the distribution of families by income level, the bank's performance is considered poor.

FAIB's 2008 1-4 family lending by borrower's income is considered adequate. FAIB originated 12 loans to moderate-income borrowers, but there were no loans extended to low-income borrowers in 2008, although 44.7 percent of area's families are of low- or moderate-income (LMI). This is attributable to the economic downturn experienced nationwide, and particularly in the bank's assessment area, causing the bank to adopt more stringent underwriting standards.

The high residential housing prices in relation to the area's median family income are also a contributing factor. The low percentile numbers in the low- and moderate-income borrower level categories of the 2007 HMDA peer data as compared to the percent of families (4.0 percent by number vs. 44.7 percent of LMI families), reflects the difficulty faced by the LMI families in purchasing housing in the New York City metropolitan area. The 2008 housing affordability ratio for the bank's assessment area is 19.2, while New York State's is 29.4. This ratio is calculated by dividing the Median Household Income by the Median Housing Value. The lower the ratio, the less affordable the housing is.

The distribution of FAIB's 2007 and 2008 HMDA loans reflects satisfactory penetration among borrowers of different income.

Overall, the distribution of loans reflects, given the product lines offered by the institution,

outstanding penetration among retail customers of different income levels and business customers of different size.

Geographic Distribution of Lending

An evaluation of the geographic distribution of loans originated within the bank’s assessment area was conducted to determine the level of dispersion into low- and moderate-income geographies of the assessment area. Overall, the geographic distribution of loans reflects an excellent dispersion throughout the bank’s assessment area.

Commercial Lending

Table 6 illustrates the geographic distribution of the sampled commercial loans originated during in 2007 and 2008.

<i>Table 6 – Distribution of Commercial Loans by Census Tract within the New York Assessment Area</i>											
<i>Census Tract Income Level</i>	<i>% Total Census Tracts</i>	<i>% Total Businesses</i>		<i>2007 Bank Loan Data</i>				<i>2008 Bank Loan Data</i>			
		<i>2007</i>	<i>2008</i>	<i>#</i>	<i>% of #</i>	<i>\$ (\$000)</i>	<i>% of \$</i>	<i>#</i>	<i>% of #</i>	<i>\$ (\$000)</i>	<i>% of \$</i>
<i>Low</i>	<i>10.4</i>	<i>6.3</i>	<i>6.4</i>	<i>3</i>	<i>10.4</i>	<i>1,271</i>	<i>11.9</i>	<i>4</i>	<i>12.5</i>	<i>2,400</i>	<i>19.8</i>
<i>Moderate</i>	<i>27.7</i>	<i>20.6</i>	<i>20.7</i>	<i>7</i>	<i>24.1</i>	<i>2,591</i>	<i>24.3</i>	<i>17</i>	<i>53.1</i>	<i>4,972</i>	<i>41.0</i>
<i>Middle</i>	<i>32.1</i>	<i>22.3</i>	<i>22.4</i>	<i>16</i>	<i>55.2</i>	<i>5,010</i>	<i>47.1</i>	<i>6</i>	<i>18.8</i>	<i>2,500</i>	<i>20.6</i>
<i>Upper</i>	<i>27.4</i>	<i>49.5</i>	<i>49.1</i>	<i>3</i>	<i>10.3</i>	<i>1,780</i>	<i>16.7</i>	<i>5</i>	<i>15.6</i>	<i>2,256</i>	<i>18.6</i>
<i>NA</i>	<i>2.4</i>	<i>1.3</i>	<i>1.4</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>29</i>	<i>100</i>	<i>10,652</i>	<i>100</i>	<i>32</i>	<i>100</i>	<i>12,128</i>	<i>100</i>

Source: Bank loan data (2007 & 2008); 2000 US Census; Dun & Bradstreet (2007 & 2008)

As illustrated in Table 6, the bank’s distribution of commercial loans, by both number and dollar volume, in the low- and moderate-income geographies is excellent when compared to the areas business demographics.

Overall, 34.5 percent by number in 2007 and 65.6 percent by number in 2008, and 36.2 percent in 2007 and 60.8 percent in 2008 by amount of commercial loan originations were to businesses located in LMI geographies. As a result, the bank’s record of lending to businesses in the low- and moderate-income census tracts within the assessment area is considered excellent, particularly when compared to the percentage of businesses located in these geographies.

HMDA Loans

An evaluation of the geographic distribution of the 2007 and 2008 1-4 family purchase and refinance HMDA loans originated within the bank's assessment area was conducted to determine the level of dispersion into low- and moderate-income geographies. The geographic distribution of these loans, as indicated in Table 7 reflects good dispersion throughout the bank's assessment area.

<i>Table 7 - Distribution of 1-4 Family Purchase/Refinance HMDA Loans by Income Category of the Census Tract</i>											
<i>Census Tract Income level</i>	<i>% Owner Occupied Unit 2000*</i>	<i>2007 HMDA Peer Data</i>		<i>2007 Bank Loan</i>				<i>2008 Bank Loan</i>			
		<i>% Number</i>	<i>% Amount</i>	<i>#</i>	<i>% of #</i>	<i>\$ (\$000)</i>	<i>% of \$</i>	<i>#</i>	<i>% of #</i>	<i>\$ (\$000)</i>	<i>% of \$</i>
<i>Low</i>	2.3	4.5	4.2	4	5.6	1,638	5.3	12	4.3	4,949	4.4
<i>Moderate</i>	16.7	19.9	17.5	36	50.7	16,066	51.9	111	40.1	46,347	40.9
<i>Middle</i>	34.1	33.4	27.4	20	28.2	6,395	20.7	116	41.9	44,601	39.4
<i>Upper</i>	46.9	42.1	50.7	11	15.5	6,846	22.1	38	13.7	17,320	15.3
<i>NA</i>	0	0.1	0.2	0	0	0	0	0	0	0	0
<i>Total</i>	100	100	100	71	100	30,945	100	277	100	113,217	100

Source: 2000 US Census; HMDA LARs (2007 & 2008)

When compared to the 2007 HMDA aggregate data and the percent of owner-occupied units in the area, the bank's 2007 performance in the low- and moderate-income geographies is considered outstanding, especially in the moderate-income geographies. The bank's 2008 performance in the low- and moderate-income geographies is comparable to its 2007's performance and is considered strong. In total, the geographic distribution of the bank's HMDA loans reflects excellent penetration throughout the assessment area.

Overall, the geographic distribution of the bank's commercial loans and HMDA loans reflects an excellent dispersion throughout the bank's assessment area.

COMMUNITY DEVELOPMENT TEST

The community development test evaluated the institution's record of helping to meet the community development needs of its assessment area by considering an institution's community development loans, community development investments, and community development services.

Community development activities considered for the Community Development Test include: (1) Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; (2) Community services targeted to low- or moderate-income individuals; (3) 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 \$1.0 million or less; or (4) Activities that revitalize or stabilize low- or moderate-income tracts.

The institution'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 the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area.

Community Development Lending

For the purpose of this evaluation, a community development loan is defined as a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the bank for consideration under small business or residential mortgage lending (unless it is a multifamily dwelling loan) or consumer loans, and (3) benefits the bank's assessment area or a broader statewide or regional area that includes the bank's assessment area.

According to the January 2009 Interagency Q&A, §11.12(h)-3: regarding whether an Intermediate Small Institution (ISB) can have small business and small farm loans and consumer loans considered as community development loans, it states that "in instances where intermediate small institutions are not required to report HMDA or small business or small farm loans, these loans may be considered, at the institution's option, as community development loans, provided they meet the regulatory definition of "community development." FAIB has opted to have some its small business loans considered as community development loans (CDLs).

The volume of FAIB's community development lending demonstrates an excellent responsiveness to the community development needs of the assessment area and surrounding area. During the evaluation period, FAIB originated 112 CDLs, totaling \$88.1 million. This represents approximately 17.1 percent of total loans of \$515.2 million and 14.3 percent of total assets of \$618.3 million as of March 31, 2009. Of the 112 CDLs, 103 loans (92.0 percent) by number totaling \$85.6 million (97.2 percent) of the loan amount were located inside the bank's

assessment area. The remaining nine loans that were located outside the bank's assessment area are within Bronx County, which is contiguous to the bank's AA. In addition, of the 112 CDLs, 103 loans (92.0 percent) and \$72.6 million (81.8 percent) were extended in low- or moderate-income geographies. The majority of these CDLs were extended to small business owners and secured by commercial real estate. These 112 business loans are qualified as CDLs because they are related to the Bank Enterprise Award (BEA) program.

The US Department of the Treasury (USDOT) designated FAIB as a Certified Community Development Financial Institution (CDFI). In connection with the CDFI, an insured financial institution can apply for BEA funds through USDOT based on qualified activities. These activities include (1) CDFI related activities, (2) Distressed Community Financing Activities, and (3) Service Activities. CDFI Related Activities include Equity Investments, Equity-Like Loans, and CDFI Support Activities. Distressed Community Financing Activities include Affordable Housing Loans, Affordable Housing Development Loans and related Project Investments, Education Loans, Commercial Real Estate Loans and related Project Investments, Home Improvement Loans, Small Business Loans, and related Project Investments. Service Activities include Deposit Liabilities, Financial Services, Community Services, Targeted Financial Services, and Targeted Retail Savings/Investment Products.

FAIB has applied for BEA since 2001 and has received such an award each year. The bank received \$500,000 in BEA funds for FY 2007 and \$675,000 for FY 2008. These activities involved 65 business loans totaling \$58.1 million for FY 2007 and 47 business loans totaling \$30.0 million for FY 2008 and were qualified under the Distressed Community Financing Activities.

Qualified Investments

A qualified investment for the purposes of this evaluation is a lawful investment, deposit, donation membership share, or grant that has community development as its primary purpose.

FAIB has a poor level of qualified community development investments and grants. The bank extended no qualified community development investments during the evaluation period. However, the institution did make contributions having community development as their primary purpose totaling \$119,754 during the review period. The total dollar amount of community development investments and donations are insignificant (less than 0.01 percent) when compared to total bank assets and investments. The bank's record of extending investments and donations helping to meet the community development needs within its assessment area is considered less than satisfactory. The bank's largest donation of \$10,000 was to provide day care for children of parents who are in financial need.

Community Development Services

This section of the community development test evaluates the institution's record of helping to meet the credit needs of its assessment area by analyzing the level of community development services provided by the bank. A community development service has community development as its primary purpose and is generally related to the provision of financial service or technical assistance.

FAIB's community development services reflect satisfactory responsiveness to the needs of the assessment area, given the available opportunities for participation that exist in the assessment area and the size of the bank's operations. FAIB provided an adequate level of services that qualify as community development services during the review period. Some examples are listed below:

- Home Mortgage & Refinancing, and Retirement Savings Workshops – Three branch managers conducted two sessions concerning “How to Apply for or Refinance a Mortgage” and “Saving for Retirement.” The sessions were held specifically for new Chinese immigrants who have limited knowledge about home ownership and banking services.
- Teaching Students to Save - FAIB introduced a “Kid’s Savings Passbook” program to assist parents in educating their children about the importance of saving. FAIB also provides a piggy bank to each child, as well as matching deposits with cash (limit \$15) to encourage children to save.

In addition to participating in specific events and programs conducted by local organizations, members of the bank's staff offer their financial and technical expertise through board membership. The following provides an example of an organization for which bank personnel serve on boards and/or committees of community development organizations:

- An executive director serves on the board of the Chinatown Partnership Local Development Corp. and its Finance Committee. This organization promotes economic, business, industry, and employment development within the Chinese-American community.

Response to Complaints

The bank has not received any CRA-related or fair lending complaints since the last evaluation as of June 30, 2006. As a result, this performance criterion is not applicable.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the antidiscrimination laws and regulations was assessed during this review. No violations of the substantive provisions of the antidiscrimination laws and regulations were detected.