
Comptroller of the Currency
Administrator of National Banks

Northeastern District
1114 Avenue of the Americas, Suite 3900
New York, New York 10036

PUBLIC DISCLOSURE

December 6, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Bank of East Asia, Limited
Charter Number: 80081
202 Canal Street
New York, New York 10022**

**Comptroller of the Currency
830 Morris Turnpike
Second Floor
Short Hills, NJ 07078**

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.

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 **The Bank of East Asia, Limited, New York, New York** prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of December 6, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

The major factors supporting the branch's rating include:

- The average loan to deposit ratio is considered reasonable for this institution.
- The majority of the loans and commitments originated during the examination period were within the branch's assessment area.
- A reasonable portion of loans and commitments is to small businesses.
- A good portion of originations and commitments within the branch's assessment area is to low-and-moderate census tracts.

The following table indicates the performance level of Bank of East Asia, Limited with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Bank of East Asia Limited</u> 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 Have Been Received Since the Prior Examination.		

DESCRIPTION OF INSTITUTION

The New York Office of The Bank of East Asia, Limited has total assets of \$152.2 million, compared with consolidated assets of US\$13.3 billion at The Bank of East Asia, Ltd. Hong Kong. The Bank of East Asia, Limited has had a presence in New York City since 1984 when it opened a wholesale funded non-insured branch in Midtown Manhattan. In 1989 an FDIC insured office was opened in Chinatown. The Chinatown branch primarily focuses on commercial and trade finance lending. Total business loans as of October 31, 1996 represent 61% of total assets, with \$2.4 million outstanding in trade finance, \$90 million outstanding in commercial loans, and \$919 thousand outstanding in other types of loans.

Deposit products and other banking services are available to businesses and consumers. The branch offers traditional deposit products (checking, NOW, savings, money market, and certificates of deposit accounts) and foreign currency certificates of deposits. Consumer and business deposits as of September 30, 1996 were \$110 million.

No impediments legal or otherwise were identified which would hinder the bank's ability to help meet credit needs in the assessment area. Intense competition is offered by branches of large U.S. multinational banking institutions, as well as thrifts and branches of large Chinese banks.

DESCRIPTION OF THE ASSESSMENT AREA

The assessment area meets all regulatory guidelines and does not arbitrarily exclude low-and-moderate income areas. The Bank of East Asia has defined one assessment area which is a portion of the New York MSA (5600). The assessment area is comprised of the five boroughs of New York City. The assessment area contains 2216 census tracts. Of these tracts, 14% are low income, 19% moderate income, 35% middle income, and 29% upper income. Income information is not available for 66 or 3% of the census tracts in the assessment area.

The total population of the assessment area is 7.3 million. Seventeen percent, 17%, of the population resides in low income census tracts, 22% moderate income, 32% middle income, and 28% upper income; there is income information available for .40% of the population. The MSA's Census Median Family Income is \$37,515. Economic conditions within the assessment area are stable and employment opportunities are diverse. Discussion with management revealed the credit needs of the branch's community are trade related financing and commercial lending.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan to Deposit Ratio

For the seven calendar quarters during the examination period (January 1, 1995 through September 30, 1996), The Bank of East Asia's average loan to deposit ratio was 77%. The 1996 loan-to-deposit ratio has been steadily increasing since the growth in loans exceeded deposit increases. During 1996 the average loan to deposit ratio was 83% compared with 1995's average of 72%. Given the level of domestic deposits and the funding structure of the branch, these ratios are considered reasonable.

Lending Within the Assessment Area

During the examination period, the branch originated 83 loans and commitments totaling \$54.1 million. Of loans and commitments originated, 67 or 81% of the number of transactions and 42% of the dollar amount were within the assessment area.

LOAN ORIGINATIONS AND COMMITMENTS 1/1/95 THROUGH 10/31/96 (\$Loans in '000s)								
	INSIDE ASSESSMENT AREA				OUTSIDE ASSESSMENT AREA			
	#Loans	%	\$Loans	%	#Loans	%	\$Loans	%
Trade Finance Facilities and Standby LCs	29	43	9,720	42	7	44	1,584	5
Commercial	35	52	13,037	57	9	56	29,568	95
Other(*)	3	5	219	1	0	0	0	0
Totals	67	100	22,976	100	16	100	31,152	100

(*) Includes one installment and one residential mortgage and one staff loan.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Eighty of the 83 loans and commitments, 96% or \$53.9 million, originated during the examination period are business related. Of these 80 transactions, 48 or 60% were to small businesses. The average transaction size of small business loans was \$248,000. The branch made 36 of the 48, 75%, small business transactions within its assessment area. This reflects a good level of attention to small business credit needs.

LOAN ORIGINATIONS AND COMMITMENTS BY BUSINESS SIZE INSIDE AND OUTSIDE ASSESSMENT AREA 1/1/95 Through 10/31/96 (\$Loans in '000s)								
	Gross Annual Sales <\$Million				Gross Annual Sales > \$Million			
	#Loans	%	\$Loans	%	#Loans	%	\$Loans	%
Business Loans	48	60	11,402	21	32	40	42,507	79

Geographic Distribution of Loans

Our analysis revealed that for 1995 and 1996, 42% of the number of originations/transactions, made by the Branch within the assessment area, were to low-and-moderate income census tracts. This ratio reflects a good level of responsiveness to low-and-moderate income census tracts.

GEOGRAPHIC DISTRIBUTION BY CENSUS TRACT WITHIN ASSESSMENT AREA (\$Loans in '000s)				
CENSUS TRACT	#Loans	%	\$Loans	%
Low	5	8	570	2
Moderate	23	34	7,472	33
Middle	2	3	600	3
Upper	33	49	13,907	61
NA	4	6	428	1
Total	67	100	22,977	100

During the concurrent Fair Lending examination, no violations of Fair Lending laws and regulations were found.