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Comptroller of the Currency  
Administrator of National Banks

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## **Public Disclosure**

March 13, 1997

# **Community Reinvestment Act Performance Evaluation**

**THE KA WAH BANK, LTD. New York Branch  
Charter Number - 80058**

**11 East Broadway  
New York, New York 10038**

**Office of the Comptroller of the Currency  
New Jersey Duty Station  
830 Morris Turnpike, 2nd Floor  
Short Hills, New Jersey 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 CRA performance of **The Ka Wah Bank, Ltd., New York Branch (Ka Wah)** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **March 13, 1997**. 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 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 25.

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

Primary factors supporting the branch's overall rating include:

- Community development lending totaled \$2.3 million, and;
- Qualified investments totaled \$500 thousand.

## **Description of Institution**

Ka Wah is a limited purpose institution in terms of CRA. Ka Wah is a branch of a \$3.3 billion holding company, namely, China International Trust and Investment Corp. (CITIC). CITIC is headquartered in Hong Kong and owned by the government of the People's Republic of China. Ka Wah is located in Chinatown and was licensed as a limited Federal branch in 1983. It was granted full branch status in September 1987 and became FDIC insured in October 1990. Ka Wah's focus is serving the local Chinese business community, particularly in facilitating trade financing. Ka Wah also has a branch in Los Angeles, California that opened in 1982.

As of December 31, 1996, total assets for Ka Wah were \$241 million which comprised \$79 million of loans, \$94 million in cash and due from balances and \$68 million in other investments. Ka Wah's limited retail business is evidenced by the \$40 million in domestic deposits out of total deposits of \$198 million. The majority of the branch's loan and deposit products are for small business/corporate customers. There are no impediments, legal or otherwise, which would impact the bank's ability to help meet the needs of the community.

## **Description of Assessment Area**

Ka Wah's assessment area is that area south of 59th Street in the borough of Manhattan. This area, which meets applicable regulatory guidelines, does not arbitrarily exclude any low- or moderate-income areas. There are 126 census tracts in the assessment area, broken down as follows: 14 are low (11%); 24 are moderate (19%); 18 are middle (14%); 65 are upper (52%); and 5 have no income data (4%). Total population of the assessment area is 539 thousand with a median family income of \$47,598. This area includes Chinatown which is all low- and moderate-income. This assessment area provides Ka Wah access to unique opportunities for meeting community needs. Major employers include industries such as financial services, apparel manufacturing, and other wholesale trade companies. The diversity of industries aids in the economic stability of the community. The primary credit need in the community is small business lending. Within the assessment area, there is a high concentration of financial entities including numerous multinational institutions. Unlike Ka Wah, these entities have available to them vast resources in which to meet the needs of the community.

## Conclusions with Respect to Performance

This evaluation covers Ka Wah's performance from March 24, 1995 to March 13, 1997. Ka Wah, consistent with its size and resources, is responsive to the needs of its community, specifically through its community development lending activities. Ka Wah's assistance includes initiatives for the purchase of affordable housing and the development of small businesses within low- and moderate-income areas. Ka Wah's undertaking of such activities contributes to the revitalization of area neighborhoods and creates permanent employment opportunities for local residents.

### Community Development Lending

Ka Wah has been active in lending to small businesses within low- and moderate-income census tracts of their defined assessment area. The branch has committed \$2.3 million with \$834 thousand funded. Details are as follows:

- Chinese Oceanic Product Inc.  
\$300 thousand line of credit  
The company is a wholesale lobster market located in a low-income, deteriorated section of Chinatown. Ka Wah's support of business opportunities such as this, have helped to stabilize the immediate area and restore vitality to that section of the community. This business has also contributed to providing permanent jobs for residents of the area. \$112 thousand of the line has been funded.
- Sea King Co. Inc.  
\$500 thousand line of credit  
This company followed Chinese Oceanic Product, Inc.'s lead and chose a less populated section of Chinatown to start their business. The introduction of this business to the community has provided economic stability to its particular neighborhood. This company has also generated permanent employment opportunities in Chinatown. \$432 thousand of the line has been funded.
- Purchase money mortgages for affordable housing  
\$1.5 million commitment  
Ka Wah has committed \$1.5 million in purchase money mortgages for the purchase of condominiums in an apartment building in Chinatown. To date, mortgage financing has reached \$290 thousand and these purchase money mortgages are being offered with less stringent underwriting criteria (e.g. a low fixed rate for 15 years and a reduced down payment). All borrowers were low- or moderate-income.

## **Community Development Investments**

Through a foreclosure, Ka Wah acquired an unfinished apartment building within Chinatown. Ka Wah's purpose in acquiring the facility was to create affordable housing for low- and moderate- income families. Ka Wah invested \$500 thousand for the purpose of refurbishing the building to create affordable condominium units for resale. The apartments, which have been priced 40-50% below market prices, have been selling well. As mentioned above, the branch has set aside money for purchase money mortgages for these apartments.

## **Compliance with the Antidiscrimination Laws**

Concurrently with this CRA evaluation, we conducted reviews of the branch's compliance with the Equal Credit Opportunity Act, the Fair Housing Act and the Home Mortgage Disclosure Act. Our review disclosed no violations of law.