PUBLIC DISCLOSURE

April 7, 2003

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 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

INSTITUTION'S CRA RATING: Great Eastern Bank is rated "**SATISFACTORY**."

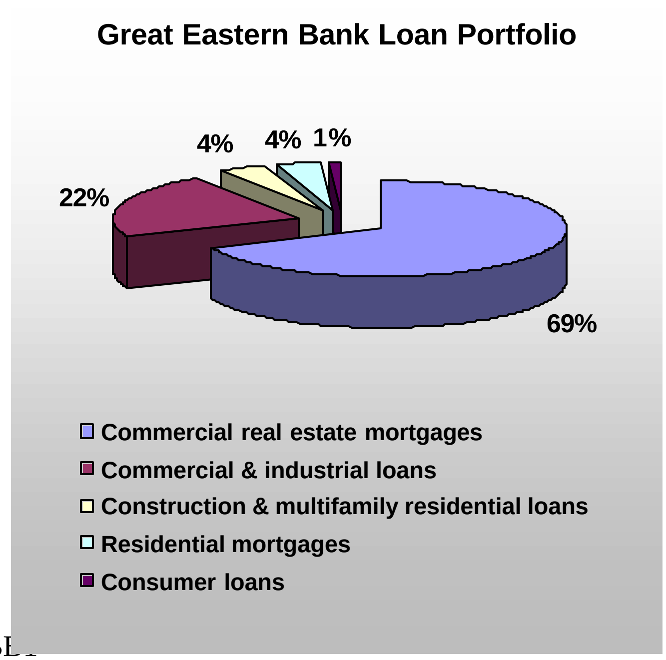
The satisfactory performance of the institution with respect to the Community Reinvestment Act ("CRA") for the period of March 13, 2001, through April 6, 2003, is based on the following performance criteria:

- A reasonable loan-to-deposit ratio;
- A majority of loans in the bank's assessment area;
- An excellent loan penetration among individuals of different income levels and businesses of different sizes, and
- An adequate geographic distribution of loans in the bank's assessment area.

DESCRIPTION OF INSTITUTION

Established in 1986, Great Eastern Bank ("GEB") is based in New York, New York (having shifted its headquarters since the previous examination from Flushing, New York). The bank is not part of a holding company or affiliated with any other financial institution. GEB reported $246 million in total deposits as of December 31, 2002. The deposits are held in the bank's three branches located in the borough of Queens (in Flushing) and in the borough of Manhattan (one at the midtown headquarters and the other in lower Manhattan). GEB recently opened an additional branch in the borough of Brooklyn in April 2003.

As of December 31, 2002, the bank had total assets of approximately $277 million, including loans totaling $161 million. GEB's business strategy emphasizes commercial lending, and this is reflected in the composition of the bank's loan portfolio.



The loan portfolio consists mainly of commercial real estate mortgages (69%) and commercial and industrial loans (22%), which represent $146 million (91%) of total lending. Construction loans and multifamily residential properties represent $7 million (4%) of total loans. The one- to four-family residential mortgage loans and consumer loans are not material components of the loan portfolio. Residential mortgage loans total $7 million and represent 4%, and consumer loans total $1.5 million and represent 1% of total loans.

In general, GEB makes personal loans to its business customers on an accommodation basis. The bank offers only one-year adjustable rate mortgages for loans reported under the Home Mortgage Disclosure Act ("HMDA"), but this limited product offering is not very competitive in the current low interest rate environment. GEB reported only 40 HMDA-related loans from January 2001 to December 2002. Because of the bank's business strategy and the resulting low volume in this product line, a meaningful analysis of HMDA-related lending in the bank's overall CRA performance could not be performed. These loans were therefore excluded from the analysis.

There are no financial or legal impediments preventing the bank from meeting credit needs in its assessment area. No credit practices that violated the substantive provisions of the antidiscrimination laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act, were identified.

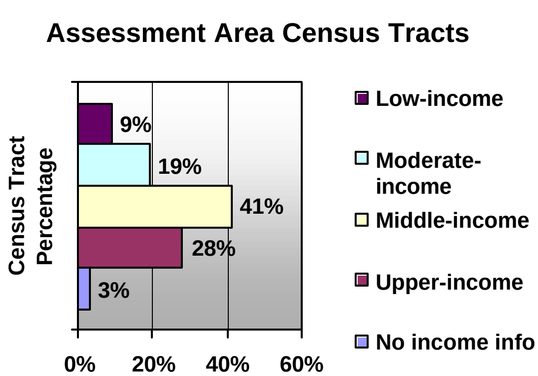
GEB also received a satisfactory rating at its previous CRA examination conducted as of March 12, 2001. At the next examination, the bank's CRA performance will be assessed using large bank evaluation guidelines as a result of the increase in GEB's asset size over the last two calendar years.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA

GEB expanded its assessment area since the previous examination. The new assessment area includes Queens, Brooklyn, 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 Primary Metropolitan Statistical Area ("PMSA") 5600 (New York, NY). A map illustrating GEB's assessment area is on page BB10.

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 (1990), the U.S. Department of Labor, and the U.S. Department of Housing and Urban Development ("HUD"). Examiners also conducted interviews with community contacts to gain an understanding of assessment area issues and credit needs.



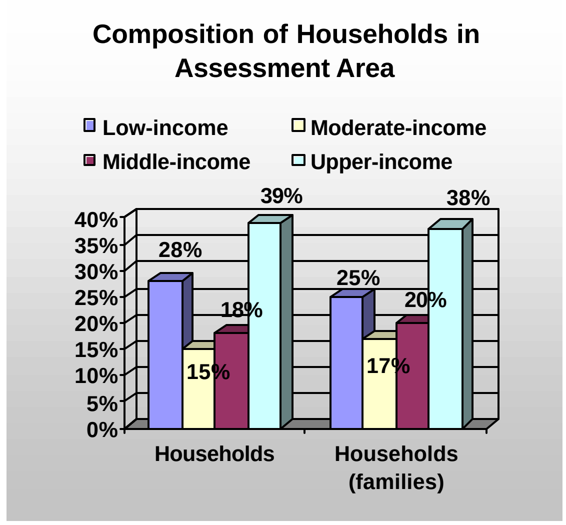
Demographic Characteristics

The population of GEB's assessment area is 4.8 million. The assessment area contains 1,591 census tracts of which 135 (9%) are low-income, 311 (19%) are moderate-income, 651 (41%) are middle-income, and 452 tracts (28%) are upper-income. No income information is available for 42 tracts (3%).

Income Characteristics

The 2002 HUD-adjusted median family income for PMSA 5600 (New York, NY) is $62,800, up from $59,100 in 2001.

According to the 1990 Census, of the 1.8 million households in the bank's assessment area, 28% are low-income, 15% are moderate-income, 18% are middle-income and 39% are upper-income. Of the 1.2 million households that are considered families in the bank's assessment area, 25% are low-income, 17% are moderate-income, 20% are middle-income and 38% are upper-income.



Housing Characteristics

The assessment area contains 1.9 million housing units. Of this total, owner-occupied housing represents only 574,000 or 30%. Occupied rental units, the primary form of housing in the assessment area, represent 1,255,616 or 65% of the housing units. The remaining 5% of the housing units are vacant.

Labor, Employment and Economic Characteristics

According to the New York State Department of Labor, the unemployment rate in New York City increased from 5.4% in November 2000 to 6.8% in November 2001. The job loss is associated with the aftermath of the September 11, 2001, terrorist attacks as well as the general downturn in the economy. Current economic conditions continue to drive up the unemployment rate in New York City, which hit 8.3% in December 2002.

Non-farm business establishments in GEB's assessment area total 221,342, of which 176,099 or 80% have gross annual revenues ("GAR") of $1 million or less. Of the total number of non-farm business establishments, 25% are located in LMI census tracts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The satisfactory rating of GEB's performance is based on an assessment of the bank's core performance criteria. To obtain performance levels related to lending, income and geographic distribution, examiners analyzed 180 loans originated between January 1, 2001, and December 31, 2002. The sample included 64 consumer loans and 116 small loans to businesses.

Loan-to-deposit Ratio

GEB'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 four most recent quarters ending December 31, 2002, was 65%, based on information contained in the bank's *Consolidated Report of Condition and Income.* This ratio was below the national peer average of 77% for similarly sized banks. However, this ratio exceeded the average loan-to-deposit ratio of 58% for similarly sized banks located in the assessment area during the same period.

Lending in Assessment Area

GEB originated a majority of its loans in its assessment area. Of the 180 loans analyzed, 118 or 66% were extended to consumers and businesses in the bank's assessment area. Specifically, 63% of consumer loans and 67% of business loans were originated in the bank's assessment area.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

GEB's overall record of lending to borrowers of different income levels, including low- and moderate-income ("LMI") individuals, and businesses of different sizes was outstanding in light of the demographics of the bank's assessment area.

Consumer Loans

The bank's level of consumer lending to borrowers of different income levels was excellent. As Exhibit 1 at right shows, loans to LMI borrowers totaled 64% of

EXHIBIT 1
Distribution of Loans in Assessment Area By Income Level of Borrower
January 1, 2001 – December 31, 2002

	CONSUMER
LOW-INCOME: Less than 50% of Median Income	
Number	17
Percentage	42%
Amount ($)	$280,000
Percentage	36%
MODERATE-INCOME: At least 50% & less than 80% of Median Income	
Number	9
Percentage	22%
Amount ($)	$215,000
Percentage	27%
MIDDLE-INCOME: At least 80% & less than 120% of Median Income	
Number	5
Percentage	13%
Amount ($)	$120,000
Percentage	15%
UPPER-INCOME: 120% or more of Median Income	
Number	9
Percentage	23%
Amount ($)	$177,000
Percentage	22%

the loans sampled, while LMI families represent 42% of all families in the bank's assessment area.

Loans to low- and moderate-income borrowers accounted for 42% and 22% of the loans sampled, respectively. These ratios compare very favorably with the demographics of the assessment area, which indicate that 25% of all families are low-income and 17% of all families are moderate-income.

Business Loans

The bank's level of lending to businesses with GAR of $1 million or less was reasonable. As shown in Exhibit 2 below, 70% of the loans sampled (and with verifiable business revenue) were made to such businesses. This ratio is slightly below the 80% of non-farm business establishments in GEB's assessment area with GAR of $1 million or less.

EXHIBIT 2
Distribution of Loans in Assessment Area
By Size of Business
January 1, 2001 – December 31, 2002

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 of loans to small businesses*
37	26	70%	$9,945,992	$7,439,103	75%

Geographic Distribution of Loans

GEB's overall geographic distribution of loans was satisfactory given the demographics of the bank's assessment area. The distribution of lending in each loan category is analyzed below.

Consumer Loans

The geographic distribution of the bank's consumer loans was poor. Of the 40 consumer loans originated in the bank's assessment area, only 6 loans or 15% were originated in moderate-income census tracts, and none were originated in low-income census tracts. In comparison, 30% of the households lie in LMI census tracts, which breaks down to 8% in low-income tracts and 22% in moderate-income census tracts.

* Businesses with gross annual revenues of $1 million or less.
** Business loans in assessment area with verifiable business income information collected.

Business Loans

The geographic distribution of business loans was excellent. Of the 78 business loans originated in the bank's assessment area and included in the analysis, 8% were extended in low-income census tracts and 40% were extended in moderate-income census tracts. This performance compared very favorably with the number of non-farm business establishments in LMI census tracts, with 5% located in low-income tracts and 20% in moderate-income 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 Activities

GEB's lending also included a line of credit for $300 thousand extended to Greater Jamaica Development Corporation ("GJDC"), a nonprofit community development corporation. The facility helps fund the operational needs of the corporation. In addition, the President/Chief Executive Officer of GEB is a member of both the board of directors and loan committee of GJDC.

GEB also holds a reduced-rate deposit of $50 thousand with the Lower East Side People's Federal Credit Union, a community development credit union. Serving primarily LMI people in the Lower East Side of Manhattan, the credit union provides loans to small businesses and micro-enterprises, and real estate and personal loans.

The bank also contributed $16 thousand to various organizations that provide services in LMI neighborhoods or to LMI individuals. The bank gave a total of $12,000 to GJDC and $2,000 to the Neighborhood Housing Services in New York City.

CRA APPENDIX A

GLOSSARY

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

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: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

Geography: A census tract or a block numbering area 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: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100% tabulations, the count of households always equals the count of occupied housing units.

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 area ("MA"): Any primary metropolitan statistical area ("PMSA"), metropolitan statistical area ("MSA"), or consolidated metropolitan statistical area ("CMSA"), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

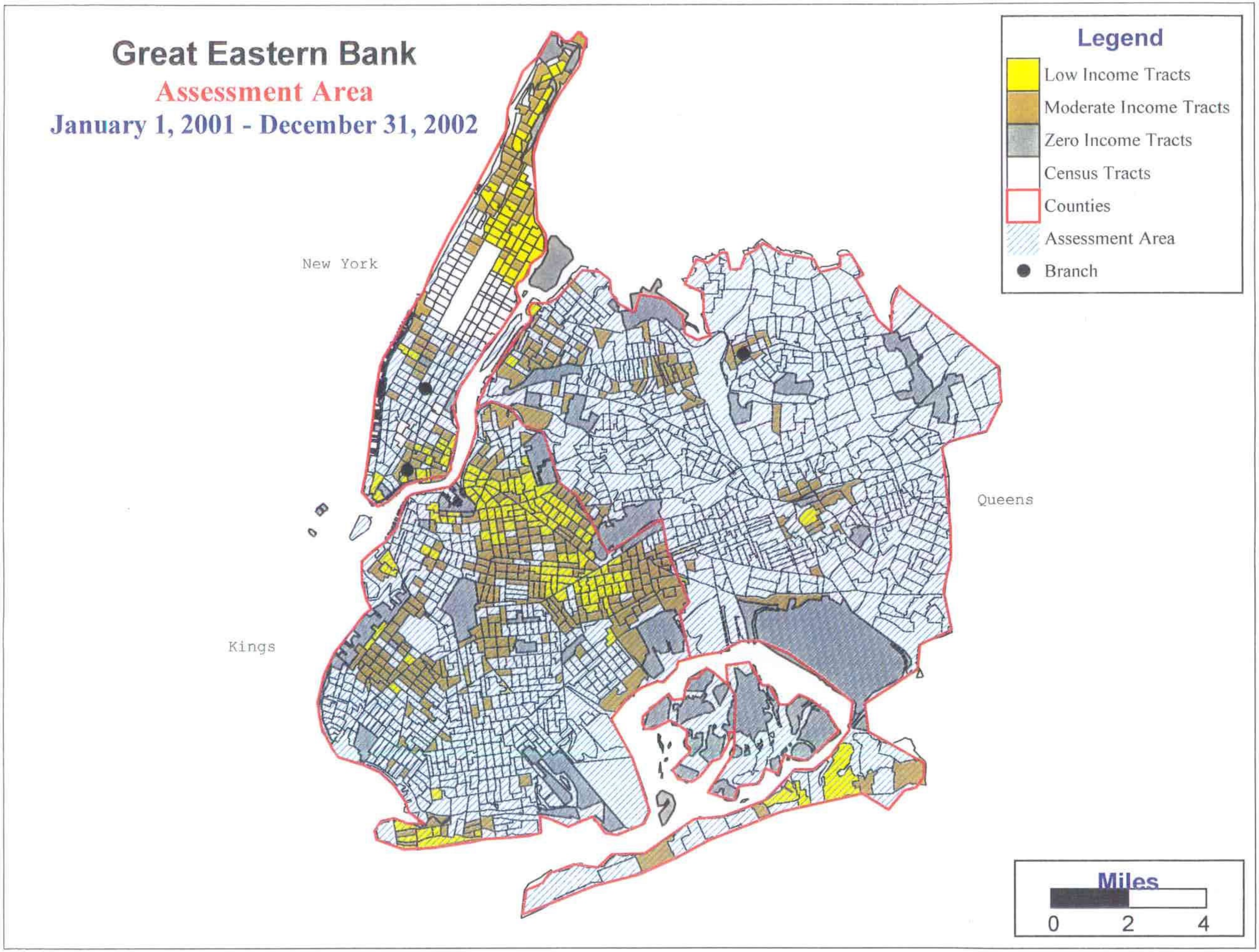
Moderate-income: Individual income that is at least 50% and less than 80% of the area median income, or a median family income that is at least 50% and less than 80%, in the case of a geography.

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, 2001 - December 31, 2002
Legend
Low Income Tracts
Moderate Income Tracts
Zero Income Tracts
Census Tracts
Counties
Assessment Area
Branch
New York
Queens
Kings
Miles
0
2
4