



# LARGE BANK

---

Comptroller of the Currency  
Administrator of National Banks

---

Washington, DC 20219

## Public Disclosure

August 04, 2003

### Community Reinvestment Act Performance Evaluation

Nara Bank, National Association  
Charter Number: 21669

3701 Wilshire Boulevard, Suite 220  
Los Angeles, CA 90010

Office of the Comptroller of the Currency

Southern California – North Field Office  
550 North Brand Boulevard, Suite 500  
Glendale, CA 91203

**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, and should not 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.

# Table of Contents

**Overall CRA Rating ..... 1**

**Definitions and Common Abbreviations ..... 2**

**Description of Institution ..... 6**

**Scope of the Evaluation ..... 8**

**Fair Lending Review ..... 9**

**California State Rating ..... 10**

**New York State Rating ..... 17**

**Appendix A: Scope of Examination ..... A-1**

**Appendix B: Summary of Overall Bank rating and State Ratings ..... B-1**

**Appendix C: Market Profiles for Full-Scope Areas ..... C-1**

**Appendix D: Tables of Performance Data ..... D-1**

## Overall CRA Rating

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

The following table indicates the performance level of **Nara Bank, National Association** with respect to the Lending, Investment, and Service Tests:

Performance Levels	NARA BANK Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support these ratings include:

- The bank achieved an excellent level of lending activity despite competitive pressures and economic conditions. The distribution of small business loans in low- and moderate-income geographies is excellent, while lending to businesses of different sizes is good. Community Development lending performance is excellent.
- The bank's qualified investments and grants exhibit an excellent responsiveness to credit and community development needs. All qualified investments benefited each full-scope assessment area (AA) reviewed.
- The branches are accessible to geographies, individuals, and businesses of different income levels. The level of Community Development services is good.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**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 MA/assessment area.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census Tract (CT):** 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 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.

**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.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**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 area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home Mortgage Loans:** Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing 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 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Statistical Area (MSA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), 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.

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

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

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**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 non-mortgage, commercial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Description of Institution

Nara Bank, National Association (Nara or the bank) is an interstate bank that was established in June 1989. The bank was founded to serve the financial needs of the Korean-American community and now serves the financial needs of the diverse communities in which it is located. The bank's corporate headquarters are located in Los Angeles, California. In February 2000, Nara Bancorp Inc. was formed as the holding company of Nara. The holding company now holds three other subsidiaries, which are non-revenue generating trusts with the sole purpose of issuing debt instruments for the benefit of Nara Bancorp, Inc. In April 2003, Nara established a real estate investment trust (REIT) subsidiary, which is 100 percent owned by the bank. The bank's primary business focus is to serve the credit and related financial service needs of small and medium sized businesses operating in both domestic and international markets. The bank does not offer residential mortgage loans and is therefore not a home mortgage (HMDA) reporter.

The Board of Directors has designated the California counties of Los Angeles, Alameda, Orange, and Santa Clara as the bank's California AAs. They also designated the New York counties of New York and Queens (combined) as the bank's New York AA. These AA delineations meet the legal requirements of CRA and do not arbitrarily exclude low- and moderate-income geographies.

As of year-end 2002, the bank reported total assets of \$982 million, net income of \$17.2 million, and a 2.24 percent return on average assets. Tier One Capital totaled \$81 million, which excludes a \$2.4 million intangible asset. Tier One Capital represents 10 percent of the bank's total risk weighted assets. The bank reported \$731.1 million in gross loans and leases, or 74 percent of total assets. Deposits totaled \$817 million. They consist of certificates of deposit (43 percent), savings accounts (34 percent), demand deposit accounts (13 percent), and money market accounts (9 percent). The bank is primarily a business bank. A substantial majority of the loan portfolio is centered in commercial real estate (64 percent) and other commercial loans not secured by real estate (29 percent). Consumer lending is a minor segment and represents seven percent of the loan portfolio. Loans collateralized by 1-4 family residential real estate are for commercial purposes and are included in our analysis of the bank's small business loan products.

The bank has 12 full-service branches in two states, California and New York. There are nine full-service branches in California and three full-service branches in New York. Customers can access their funds 24 hours a day through the bank's automated teller machines (ATM's) at each branch. Nara also has five loan production offices (LPO) that are located in the states of Washington, Illinois, Georgia, New Jersey, and Virginia.

Four full-service branches and four LPOs have opened since the prior CRA evaluation of 1998. The four new California branches are in Mid-Wilshire (Los Angeles), Cerritos, Diamond Bar, and Oakland. In addition, the bank acquired three New York branches in Manhattan, Flushing, and Jackson Heights. Nara acquired the Flushing branch of Korea Exchange Bank in December 1998. In February 2000, Nara acquired Korea First

Bank of New York, which had branches in Manhattan, Flushing, and Jackson Heights. The two Flushing branches were in close proximity to each other and consolidated in April 2000. The new LPOs are located in Illinois, Georgia, New Jersey, and Virginia.

Nara conducts business in highly competitive banking environments. Los Angeles is the bank's primary AA where it competes with over 250 other financial institutions for loans and deposits. Competition includes local community banks, branches of larger regional banks, and other non-bank financial service institutions. The intense competition, along with the slowing economy, has affected new business opportunities. This level of competition is the same in the New York/Queens AA where the bank has a relatively small market share of deposit and loan activity.

The bank has no legal, financial, or other factors impeding its ability to help meet the credit needs in its AAs. At the prior CRA examination dated August 3, 1998, the bank received a "Satisfactory" rating based upon the CRA rating standards for small banks.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation considered Nara's small business lending activities for the calendar years 2000, 2001, and 2002. The bank was not required to report loans to small businesses prior to 2000. We also evaluated the bank's community development lending activities and services for the period of August 4, 1998 through August 4, 2003. The bank does not originate residential mortgage or small loans to farms, so these types of loans are not included in our analyses. Investments were considered for the period of January 1, 2000 through August 4, 2003, again when the bank started gathering large bank CRA data. We used the most current FDIC data available at the beginning of the examination (June 30, 2001) to analyze the bank's market share.

### Data Integrity

To determine the accuracy of the bank's small business loan data used in our analyses, we performed a separate data integrity examination on June 10, 2002. Additionally, during this CRA examination, we reviewed all originated community development loans, investments, and services to ensure that each activity has community development as its primary purpose. We determined that the information available for these activities was accurate for use in our assessment of the CRA performance of the bank.

### Selection of Areas for Full-Scope Review

One AA from each state where the bank has an office was selected to receive a full-scope review. We performed a full-scope review of the Los Angeles and New York/Queens AAs. The Los Angeles AA represents the majority of the bank's lending and deposit taking activities. Of the nine California branches, six are in the Los Angeles AA. Since the prior CRA examination, the bank expanded into the State of New York. There are three branches located in the counties of New York and Queens. The bank combined these two counties to form one AA for New York (New York/Queens AA).

### Ratings

The overall rating for the bank is a blend of the California and New York ratings. Because of the concentration of bank deposits and loans in California, this rating is weighted more heavily in the overall conclusions and drives the entire rating.

### Other

We reviewed ten community contacts on file with local community development organizations, six contacts were from the Los Angeles AA and four were from the New York/Queens AA. The contacts included five small business development organizations and five community development and social service organizations. The needs of the AAs are discussed in the Scope of Evaluation of each state.

## **Fair Lending Review**

We found no evidence of illegal discrimination or other illegal credit practices.

## CALIFORNIA STATE RATING

<b>CRA rating for the State of California:</b>	Outstanding
<b>The Lending Test is rated:</b>	Outstanding
<b>The Investment Test is rated:</b>	Outstanding
<b>The Service Test is rated:</b>	High Satisfactory

The major factors that support these ratings include:

- The bank achieved an excellent level of lending activity within the Los Angeles AA despite competitive pressures and economic conditions. The distribution of small business loans in low- and moderate-income geographies is excellent, while lending to businesses of different sizes is good.
- The level of Community Development Lending is excellent.
- The bank's qualified investments and grants exhibit an excellent responsiveness to the credit and community development needs of the Los Angeles AA. All of the investments benefited the Los Angeles AA.
- The branches are accessible to geographies, individuals, and businesses of different income levels. The amount of Community Development Services is good, and responsive to the needs of the AA.

### Description of Institution's Operations in the Los Angeles AA

Nara is a Los Angeles based full-service commercial bank. The bank provides various commercial loans, deposit products and traditional banking services through its nine full service branches in California. Customers can access their funds 24 hours a day through the bank's ATMs located at each branch. While the bank's primary lending strategy is to target small- to medium-size businesses, they also accommodate consumer requests for loans, such as auto loans and home equity lines (which are referred out of the bank).

The California market is highly competitive. The market consists of branches of large regional banks, thrift institutions, and local community banks. These institutions offer a wide range of commercial credit, which includes small business lending. In addition, small business credit card products offered by out-of-state financial institutions have become more prevalent and now dominate the market. The top three lenders that comprise a 44 percent market share of all California small business loan originations are Bank of America, Washington Mutual Bank, and Wells Fargo Bank. This intense competition, along with depressed economic conditions in the State of California, has affected new business opportunities for all lenders in the California market.

Nara's Southern California branches are geographically located throughout the southland (downtown Los Angeles, Mid-Wilshire (3), Torrance, Van Nuys, Glendale, Diamond Bar, Cerritos, and Buena Park). Nara's corporate headquarters and main branch are at the Mid-Wilshire location. The Van Nuys, Torrance, and Glendale branches are "in-store" full-service branches. Total deposits attributed to Southern California branches were \$480 million and represent 73 percent of total bank deposits as of June 30, 2001.

Within the State of California, Nara established four AAs. They are: Los Angeles (Los Angeles-Long Beach MSA), Alameda (Oakland MSA), Orange County (Orange County MSA), and Santa Clara (San Jose MSA). The majority of the bank's deposits and lending activity are originated within the Los Angeles AA.

Refer to the market profile for the State of California in Appendix C (page C-2) for detailed demographics and other performance context information for the Los Angeles AA, which received a full-scope review.

## **Scope of Evaluation in California**

The rating for the State of California is primarily based on the performance of the Los Angeles AA, which represents a majority of the bank's overall lending and deposit taking activities. As of June 30, 2001, the most current FDIC data available at the beginning of this review, this AA comprised 76 percent of Nara's deposits in California and 61 percent of its reported small business lending activity. Performance in the Alameda, Orange, and Santa Clara AAs each received limited-scope reviews.

We reviewed six community contacts on file from local community development organizations located in the Los Angeles AA. The contacts included three small business development organizations and three community development/social service organizations. These contacts identified the area's major credit needs as small business start-up financing (including "micro-loans"), financing of community development projects, affordable housing, home ownership education/counseling, as well as economic revitalization of neighborhoods. The contacts also emphasized the need for participation on loan committees of nonprofit organizations, grants to those nonprofit organizations, more flexible lending criteria, and credit counseling.

## **LENDING TEST**

### **Conclusions for Area Receiving Full-Scope Review**

The bank's performance under the Lending Test in the State of California is rated "Outstanding". Based on the full-scope review, the lending performance in the Los Angeles AA is excellent.

## **Lending Activity**

Refer to Table 1 of appendix D for the facts and data used to evaluate the bank's lending activity.

In relation to Nara's size and market conditions, the bank did an excellent job of reinvesting its deposits into small loans to businesses in order to meet an important credit need identified in the Los Angeles community.

As of June 30, 2001, the bank's deposit market share in the Los Angeles AA was 0.19 percent, ranking them 63<sup>rd</sup> out of 381 reporting institutions. By comparison, the bank's small business loan market share by number of loans in 2001 was 0.21 percent (rank 32<sup>nd</sup>) and 1.57 percent by dollar volume (rank 17<sup>th</sup>).

## **Distribution of Loans by Income Level of the Geography**

### ***Small Loans to Businesses***

Refer to Table 6 of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses within the Los Angeles AA is excellent.

The bank's overall distribution of loans in low-income geographies greatly exceeds the percentage of businesses located in the same geographies (40 percent compared to 9 percent, respectively). This is also true for the geographic distribution of loans in moderate-income geographies (28 percent compared to 17 percent, respectively). The bank's business focus and marketing efforts have been successful in addressing the small business credit needs within low- and moderate-income communities.

### ***Lending Gap Analysis***

Analysis of the bank's overall lending activity did not reveal any unexplained conspicuous gaps in the Los Angeles AA geographic distribution of small business loans. Our distribution analysis did not identify any pattern of lending that arbitrarily excluded clusters of low- and moderate-income census tracts.

### ***Inside/Outside Ratio***

This analysis was performed at the bank level as opposed to the state level. During this evaluation period, 75 percent of the reported small business loans were made to borrowers within all of the bank's AAs.

## **Distribution of Loans by Income Level of the Borrower**

### ***Small Loans to Businesses***

Refer to Table 11 of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses. The distribution of loans to businesses of different sizes is good.

In the Los Angeles AA, 60 percent of the bank's loans were to businesses with revenues of \$1 million or less and is considered good. This is less than the 66 percent of businesses in the AA with revenues of less than \$1 million. However, the bank's market share of loans to businesses with revenues of \$1 million or less (0.29 percent) exceeded their overall lending market share (0.21 percent) and is excellent. Additionally, 49 percent of all small loans to businesses were in amounts of \$100 thousand or less. These factors support the bank's strategic and marketing efforts to address the small business credit needs of the communities that it serves.

### **Community Development Lending**

Refer to Table 1 of appendix D for the facts and data used to evaluate the bank's level of community development (CD) lending. This table includes all community development loans, including multi-family loans that also qualify as community development loans.

CD lending in California has a positive impact upon the lending test. CD lending performance is excellent. The bank extended three community development loans totaling \$3.6 million. All of these loans have a community development focus and provide community development services targeted towards low- and moderate-income individuals. For example, Nara funded one loan that assisted the relocation and expansion of services of medical office space to accommodate elderly and other individuals in low- and moderate-income individuals. Two other loans provided direct medical services to low income individuals and free childcare and education services to youth of low-income families.

### **Product Innovation and Flexibility**

Product innovation and flexibility has a positive impact in evaluating performance under the Lending Test. Access to capital for small businesses was identified as a local and statewide credit need. In 1999, the bank developed a commercial loan product called, "Small Business Loan".

The product's features include a 3-day "turn around" (loan decision), a minimum loan amount of \$10 thousand, and flexible underwriting criteria, which permits a second position UCC-1 filing or a lien on the borrower's home (1-4 family residential property) to collateralize the loans. As of December 31, 2002, this bank-wide program generated 69 loans totaling \$3.2 million, with funds targeted toward low- and moderate-income geographies. Loans collateralized by residential property underwritten through this

program were excluded from the aggregate small business loan data analyzed in the preceding lending tests.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Lending Test in the Alameda AA and the Orange County AA are not inconsistent with the overall "Outstanding" performance under the Lending Test in the Los Angeles AA. Santa Clara AA geographic loan distribution is weaker than the other areas, but does not have an impact on the overall rating based the bank's limited presence in the area.

### **INVESTMENT TEST**

Refer to Table 14 of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

### **Conclusions for Area Receiving Full-Scope Review**

Nara's performance under the Investment Test in the State of California is rated "Outstanding". Based on a full-scope review, the bank's performance in the Los Angeles AA is excellent based on investment opportunities and capacity to invest.

Nara's qualified investments and grants exhibit an excellent responsiveness to the credit and community development needs of the Los Angeles AA. All of the investments benefited the AA. The bank has been innovative in its investment activity by developing the NARA Scholarship Foundation (see below).

Several of the types of qualified investments made during the evaluation period include:

- The bank purchased mortgage-backed securities issued by a large national corporation totaling \$3.1 million. The pools consist of 21 mortgage loans made to low- and moderate-income borrowers located in low- and moderate-income communities. We determined that \$2.1 million of the total investment benefited the Los Angeles AA and \$1 million benefited statewide/regional area, based upon the location of the underlying mortgage loans.
- The bank purchased a \$1.5 million investment in a low-income housing tax credit fund. The fund consists of six properties located in the Los Angeles AA. The fund helped to support the development of 400 affordable housing units located in low- and moderate-income communities.
- The bank established the NARA Scholarship Foundation in 2001 and made a \$1 million commitment to be paid over 10 years. Annually, the bank donates \$100 thousand to the foundation. Through 2002 the bank funded \$200 thousand. In 2002, applicant requirements changed to now demonstrate a financial need. Income cannot exceed 80 percent of the HUD median family income for the Los Angeles AA. In 2002, 47 of the 91 recipients were located within the bank's AA and awards to them totaled \$47 thousand.

- Cash and “in-kind” contributions of \$59 thousand to a variety of qualifying organizations located within the AA. They include non-profit community organizations that cater to low- and moderate-income individuals and to individuals and small businesses located in low- and moderate-income communities. The primary focus of these community organizations is to provide community services, promote economic development, or to revitalize/stabilize low- and moderate-income communities.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank’s performance under the Investment Test in the Alameda AA and Orange County AA is not inconsistent with the overall “Outstanding” performance under the Investment Test in the Los Angeles AA. Santa Clara AA investment performance is weaker than the other areas, but does not have an impact on the overall rating, based on the limited presence in this area.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank’s performance under the Service Test for the State of California is rated “High Satisfactory”. Based on the full-scope review, the bank’s performance in the Los Angeles AA is good.

### **Retail Banking Services**

Refer to Table 15 of appendix D for the facts and data used to evaluate the distribution of the bank’s branch delivery system and branch openings and closings.

The bank is primarily focused on commercial business loans and its business clientele do not require the same type of retail banking services that are offered at consumer-focused banks. This factor was considered in the evaluation of retail banking services.

The bank has a good distribution of full-service branches among Los Angeles geographies of different income levels compared to the population demographics in the same geographies. The bank has six branches in the Los Angeles AA, including two branches in low-income census tracts, one of which was opened during the evaluation period, and one branch in a moderate-income census tract. The bank’s distribution of branches in low-income census tracts exceeds the area demographics.

The bank offers a good range of traditional products and services, which are available at all branches. The branches are accessible to geographies, individuals, and businesses of different income levels. While the bank’s primary business focus is small business lending and trade finance loan products, they also accommodate consumer auto loans and home equity lines of credit. Bi-lingual personnel (Korean) are available to assist customers who do not speak English. ATMs are located at each of the bank’s branches.

## **Community Development Services**

Nara Bank has a good level of community development services that are responsive to the needs of the Los Angeles AA. These services focus on providing financial and technical assistance to nonprofit organizations that serve small businesses, affordable housing interests, and social service organizations benefiting low- and moderate-income individuals.

The following are examples of significant community development service activities by the bank within the Los Angeles AA:

- The bank's CRA officer joined a task force formed to solicit donations from financial institutions to fund the loan loss reserve of two community based, non-profit business development corporations. These two groups were designated by the U. S. Small Business Administration to administer the Micro-Loan Program. The loan loss reserves of these two organizations are funded by private donations. The task force successfully raised \$200 thousand in grants over a 10-month period.
- The bank provided 17 employees to assist a local nonprofit, community development organization (CDO) develop a newly created first-time homebuyer education seminar. The seminars benefited low- and moderate-income individuals. Bank employees helped translate training materials into Korean and provided instructors for the classes. With the resources provided by the bank, the CDO was able to serve 304 individuals during several 12-hour home-ownership classes.
- A branch manager taught a small business technical assistance workshop hosted by a local non-profit CDO. The seminar was designed to assist new small business owners understand how to access capital from financial institutions and the basics of small business lending.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance of branch distribution, under the Service Test in the three other California AAs is not inconsistent with the overall Service Test rating of "High Satisfactory" in the Los Angeles AA.

## NEW YORK STATE RATING

### State of New York

<b>CRA Rating for New York:</b>	Satisfactory
<b>The Lending Test is rated:</b>	Low Satisfactory
<b>The Investment Test is rated:</b>	High Satisfactory
<b>The Service Test is rated:</b>	Low Satisfactory

The major factors that support these ratings include:

- The bank achieved a good level of lending activity within the New York/Queens AA. The geographic distribution of small loans to businesses within the New York/Queens AA and the distribution of small loans to businesses are good.
- The amount of investments is good. Investments and grants are responsive to the credit and community development needs of the New York/Queens AA.
- The branches are accessible to geographies, individuals, and businesses of different income levels. The bank offers a good level of community development services, which are responsive to the needs of the New York/Queens AA and the business community.

### Description of Institution’s Operations in the New York/Queens AA

Nara is a full-service commercial bank headquartered in Southern California. The bank entered the New York market in December 1998 when it acquired the Flushing branch of Korea Exchange Bank. The Manhattan and Jackson Heights branches were acquired in February 2000 from Korea First Bank of New York. These three branches offer various commercial loans, deposit products, and traditional banking services. Customers can access their funds 24 hours a day through the bank’s ATMs located at each branch. Total deposits attributed toward these branches were \$178 million and represent 27 percent of total bank deposits as of June 30, 2001.

While the bank’s primary lending strategy is to target small to medium-size businesses, it also accommodates consumer requests for loans, such as consumer auto and home equity lines (which are referred out).

The New York market is extremely competitive and dominated by established larger multi-national financial institutions. J P Morgan Chase, Citibank, NA, and Bank of New York are the top three banks that comprise a combined 63 percent deposit market share in the New York/Queens AA. Competition for loans is just as competitive. Competition and weakened economic conditions have affected the level of new business opportunities for all lenders in the New York market.

Within the State of New York, Nara has one AA. The counties of New York and Queens were combined to form the New York/Queens AA.

Refer to the market profile for the State of New York in Appendix C (page C-4) for

detailed demographics and other performance context information for the New York/Queens AA, which received a full-scope review.

## **Scope of Evaluation in New York**

The New York/Queens AA received a full-scope review. The rating for the State of New York is based on the performance in this AA. There are no areas that received a limited-scope review.

We reviewed four community contacts on file from local community development organizations located in the New York/Queens AA. The contacts included two small business development organizations and two community development/social service organizations. These contacts identified the area's major credit needs as small business start-up financing (including "micro-loans"), financing of community development projects, affordable housing, as well as economic revitalization of neighborhoods. The contacts also emphasized the need for participation on loan committees of nonprofit organizations, grants to those nonprofit organizations, more flexible lending criteria, and credit counseling.

## **LENDING TEST**

### **Conclusions for Area Receiving Full-Scope Review**

The bank's performance under the Lending Test in the State of New York is rated "Low Satisfactory". Based on the full-scope review, the overall lending performance in the New York/Queens AA is adequate.

### **Lending Activity**

Refer to Table 1 of appendix D for facts and data used to evaluate the bank's lending activity.

In relation to Nara's size and market conditions, the bank did a good job of reinvesting its deposits into small loans to businesses in order to meet an important credit need identified in the New York/Queens community.

Nara bank achieved a good level of small business lending activity as indicated by a comparison between deposit market share/rank and loan market share/rank in the New York/Queens AA. As of June 30, 2001, the bank's deposit market share (rank), by dollar volume was 0.06 percent (50<sup>th</sup> out of 306). By comparison, the bank's small business loan market share by numbers of loans in 2001 was 0.26 percent (rank 115<sup>th</sup> out of 306) and 1.27 percent by dollar volume (rank 18<sup>th</sup> out of 306).

### **Distribution of Loans by Income Level of the Geography**

### ***Small Loans to Businesses***

Refer to Table 6 of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses. Bank loans collateralized by 1-4 residential properties secure commercial business loans.

The geographic distribution of small loans to businesses within the New York/Queens AA is good based on the activity in the low- and moderate-income geographies described below.

The bank's geographic distribution of loans in low-income geographies is adequate in comparison to the percentage of businesses located in that geography. The market share in low-income geographies is also adequate in relation to the overall market share.

The geographic distribution of loans in moderate-income geographies is excellent in comparison to the percentage of businesses located in that geography. The market share in moderate-income geographies exceeds its overall lending market share and is considered excellent.

### ***Lending Gap Analysis***

Analysis of the bank's overall lending activity did not reveal any unexplained conspicuous gaps in the New York/Queens AA geographic distribution of small business loans. Our distribution analysis did not identify any pattern of lending that arbitrarily excluded clusters of low- and moderate-income census tracts.

### ***Inside/Outside Ratio***

This analysis was performed at the bank level as opposed to the state level. During this evaluation period, 75 percent of the reported small business loans were made to borrowers within all of the bank's AAs.

## **Distribution of Loans by Income Level of the Borrower**

### ***Small Loans to Businesses***

Refer to Table 11 of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of loans to businesses of different sizes is adequate.

The percentage of loans made to businesses with revenues of \$1 million or less is

adequate (45 percent) in relation to the percentage of total businesses of that size in the AA (64 percent). The bank's market share of loans to businesses with revenues of \$1 million or less was good at 0.21 percent, which is close to their overall market share of 0.23 percent. An additional measure of their distribution of lending to businesses of different sizes considers loans in amounts of \$100 thousand or less. In this context, the bank's performance was good. The bank had 58 percent of all business loans originated in amount of \$100 thousand or less. These factors support the bank's strategic and marketing efforts to address the small business credit needs of the communities that they serve.

### **Community Development Lending**

The bank did not originate or purchase any community development loans in the New York/Queens AA during this evaluation period. This has a neutral impact upon the Lending Test rating in the New York/Queens AA.

### **Product Innovation and Flexibility**

Product innovation and flexibility has a positive impact in evaluating performance under the Lending Test. Access to capital for small businesses was identified as a local and statewide credit need. In 1999, the bank developed a commercial loan product called, "Small Business Loan".

The product's features include a 3-day "turn around" (loan decision), a minimum loan amount of \$10 thousand, and flexible underwriting criteria, which permits a second position UCC-1 filing to collateralize the loan or a lien on the borrowers home (1 to 4 family residential property). As of December 31, 2002, this bank-wide program generated 69 loans totaling \$3.2 million. Loans collateralized by 1-4 family residential property underwritten through this program were excluded from the aggregate small business loan data analyzed in the preceding lending tests. These loans are targeted toward low- and moderate-income geographies.

## **INVESTMENT TEST**

Refer to Table 14 of appendix D for the facts and data used to evaluate the bank's level of qualified investments.

### **Conclusions for Area Receiving Full-Scope Review**

Nara's performance under the Investment Test in the State of New York is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the New York/Queens AA is adequate.

Investments and grants are responsive to the credit and community development needs of the New York/Queens AA. All investments benefit this AA.

Several of the types of qualified investments made during the evaluation period include:

- The bank purchased a \$1.2 million investment in a low-income housing tax credit fund. The fund consists of seven properties located in the bank's New York/Queens AA. The fund helped to support the development of 542 affordable housing units located in low- and moderate-income communities.
- Cash and "in-kind" contributions of \$14 thousand to a Certified Community Development Financial Institution (CDFI), a Community Development Corporation (CDC), and a nonprofit community development organization. These organizations cater to low- and moderate-income individuals and to people and small businesses located in low- and moderate-income communities. The primary focus of these community organizations is to provide community services, promote economic development, or to revitalize/stabilize low- and moderate-income communities.

## **SERVICE TEST**

### **Conclusions for Area Receiving Full-Scope Review**

The bank's performance under the Service Test for the State of New York is rated "Low Satisfactory". Based on the full-scope review, the bank's performance in the New York/Queens AA is adequate.

### **Retail Banking Services**

Refer to Table 15 of appendix D for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

The bank is primarily commercial focused and its business clientele do not require the same type of retail banking services that are offered at consumer-focused banks. This factor was considered in the evaluation of retail banking services

While the bank's primary business focus is small business lending and trade finance loan products, they also accommodate auto loans and home equity lines of credit. Bilingual personnel (Korean) are available to assist customers who do not speak English. ATMs are located at each of the bank's branches.

Although there are no branches located in low- and moderate-income census tracts in the New York/Queens AA, the bank has been able to achieve a good performance under the Lending Test. Nara's branches in the New York/Queens AA are accessible to geographies, individuals, and businesses of different income levels. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems. In February 2000, the bank acquired Korea First Bank of New York and its three branches (Jackson Heights, Flushing, and Manhattan). As part of that acquisition plan, the bank closed the new Flushing branch and merged it into Nara's existing Flushing branch, which were in close proximity to each other.

### **Community Development Services**

Nara Bank has a good level of community development services that are responsive to the needs of the New York/Queens AA. These services focus on providing financial and technical assistance to nonprofit organizations that serve small business, affordable housing interests, and social service organizations benefiting low- and moderate-income individuals.

The following are examples of significant community development service activities by the bank in the New York/Queens AA:

- The bank's chief credit officer provided technical assistance in the development of underwriting guidelines for Small Business Association lending to a credit union targeted to assisting low- and moderate-income individuals.
- The bank sponsored a community event for local Hispanic businesses in a distressed area. Two loan officers provided information about access to credit opportunities for small businesses.
- Three branch managers participated in a small business seminar for business in a low- and moderate-income area. The managers educated local small business owners on the opportunities for access to capital. Over 100 business owners attended the program.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Tests (excludes CD loans): (01/01/2000 to 12/31/2002) Investment Tests: (01/01/2000 to 08/04/2003) Service Tests and CD Loans: (08/04/1998 to 08/04/2003)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
NARA BANK, Los Angeles, CA	Small Business Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	None	None
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
California: Los Angeles Alameda Orange County Santa Clara  New York New York/Queens	Full Scope Limited Scope Limited Scope Limited Scope  Full Scope	

## Appendix B: Summary of Overall Bank Rating and State Ratings

RATINGS - NARA BANK				
Overall Bank Rating:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
NARA BANK	Outstanding	Outstanding	High Satisfactory	Outstanding
State Rating:				
California	Outstanding	Outstanding	High Satisfactory	Outstanding
New York	Low Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory

(\*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

# Appendix C: Market Profiles for Full-Scope Areas

---

## Table of Contents

### Market Profiles for Areas Receiving Full-Scope Reviews

*Los Angeles/Long Beach MSA (Los Angeles AA) ..... C-2*  
*New York MSA (New York/Queens AA) ..... C-4*

**STATE OF CALIFORNIA**

**Los Angeles/Long Beach MSA (Los Angeles AA)**

Demographic Information for Full-Scope Area: Los Angeles AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,652	8.90	22.82	32.93	34.20	1.15
Population by Geography	8,863,164	9.02	26.69	33.93	30.17	0.19
Owner-Occupied Housing by Geography	1,440,864	2.34	14.25	34.73	46.68	0.00
Businesses by Geography	388,589	8.60	17.31	31.99	41.83	0.27
Family Distribution by Income Level	2,036,104	22.82	16.85	19.70	40.63	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	807,690	15.16	37.51	32.47	14.86	0.00
Median Family Income = \$39,035 HUD Adjusted Median Family Income for 2002 = \$55,100 Households Below the Poverty Level = 11.87%					Median Housing Value = \$246,159 Unemployment Rate (1Q2002) = 5.3%	

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

The Los Angeles AA is a complex, highly diverse urban area that includes 80 cities and a number of unincorporated areas. Contained within this Los Angeles AA is the City of Los Angeles, which is the largest city in Southern California, with an estimated population of 3.7 million as of January 2000. The Los Angeles AA had an estimated population of 9.5 million as of January 2000, which reflects a 6.7 percent growth over the 1990 census information in the above table.

Banking competition is strong, with 137 institutions in the Los Angeles AA competing for FDIC insured customer deposits and loans as of June 30, 2002. Further, the top five institutions together hold 54 percent of the deposits, indicating market dominance by a few large banks. Aggregate small business loan data for 2001 shows that 248 reporting lenders competed for close to 219 thousand loans totaling about \$6.5 billion. Again, a few institutions hold market dominance, with the top five reporting close to 64 percent of the number of loans originated or purchased during the year. Aggregate HMDA loan data for 2001 shows that 845 lenders competed for more than 846 thousand loans totaling more than \$170 billion. This loan market segment is more fragmented, with the top five lenders reporting close to 27 percent of the loans originated or purchased. There are also numerous other financial service providers operating in the Los Angeles AA that do not hold FDIC insured deposits or do not report HMDA or CRA loan data. Often such large institutions have the advantages of name recognition and marketing power over smaller local institutions. These larger financial institutions include credit card banks, interstate banking companies, and mortgage companies. Major competitors are American Express

Centurion, Bank of America, California Federal Bank, Capital One, Citibank, N.A., Countrywide Home Loans, Chase Manhattan Bank USA,, GMAC Mortgage, Union Bank of California, Washington Mutual Bank, Wells Fargo Bank, and World Savings Bank.

In the late 1980s, structural changes in the local economy and other events combined to undermine the general prosperity. Defense spending cuts and other federal government decisions caused huge reductions in aerospace and defense manufacturing jobs. Other states lured away business with tax concessions and more favorable business environments. The civil disturbances in 1992 further aggravated the business and community problems. Despite Federal and State assistance, many of the businesses destroyed during the disturbances have not reopened. As a result, jobs were lost. This created further economic dislocations. However, Los Angeles AA's economy has now been rebounding, and the unemployment rate has continued to decline. The Bureau of Labor Statistics reported a 5.3 percent unemployment rate for the first quarter of 2002.

The economy of the Los Angeles AA is diverse. The largest sectors in order of importance are services, retail and wholesale trade, manufacturing, government, and transportation. In response to concessions from other states, the motion picture industry has moved a significant amount of its production activity out of Los Angeles. Even so, Hollywood still exercises a great deal of influence in the entertainment industry. Defense and aerospace manufacturing activity is still an important source of employment. The Port of Los Angeles/Long Beach and the Los Angeles International Airport are one of the busiest ports and airports in the nation, respectively. Continued population growth and the diverse economy create many small business opportunities within the Los Angeles AA. According to 2001 Dun & Bradstreet statistics, 84 percent of businesses located within the area have annual revenues of less than or equal to \$1 million.

There are many nonprofit organizations active in the Los Angeles AA. Local government is active in promoting and assisting a variety of community development and redevelopment activities. In January 2002, HUD announced that Los Angeles would be designated a Renewal Community eligible to share in an estimated \$17 billion in tax incentives to stimulate job growth and economic development, and to create affordable housing. There are numerous opportunities for financial institutions to participate in community development activities.

Community contacts on file show that individuals in the community knowledgeable about community credit needs identified the area's major credit needs as affordable housing, redevelopment, and small business lending.

**STATE OF NEW YORK**

**New York MSA (New York/Queens AA)**

Demographic Information for Full-Scope Area: New York/Queens AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	298	21.14	21.81	11.07	42.28	3.69
Population by Geography	1,487,536	20.23	24.11	8.42	46.77	0.46
Owner-Occupied Housing by Geography	127,973	2.01	7.68	7.11	83.18	0.03
Businesses by Geography	138,481	6.11	16.09	9.29	64.52	3.99
Family Distribution by Income Level	305,368	28.80	13.84	14.33	43.02	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	130,226	39.35	37.20	7.24	16.21	0.00
Median Family Income = \$37,515 HUD Adjusted Median Family Income for 2002 = \$59,100 Households Below the Poverty Level = 16.76%	Median Housing Value = \$212,357 Unemployment Rate = 7.60%					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2002 HUD updated MFI.

The New York/Queens AA is home to a diversified mix of businesses. Many national and international corporations are headquartered here. Historically, the downtown area (Manhattan) has been dominated by the financial services industry. Industries operating in the midtown area include advertising, publishing, and garment production. The retail sector is a major employer with several large department stores, in addition to many small retail businesses operating throughout the AA.

The New York/Queens AA is home to many large and diversified financial service companies, contributing to a fiercely competitive market for all types of products. Major competitors providing financial services include JP Morgan Chase, Citibank, American Express Centurion Bank, Bank of New York, HSBC Bank, Fleet Bank, North Fork Bank, and Apple Bank for Savings.

After experiencing several years of good economic growth, the New York economy has weakened in line with the national economy. A major factor is the September 11 terrorist attack that destroyed the World Trade Center. Tourism, a major contributor to the New York City economy has been negatively impacted and has had a ripple effect on other industries and services. The volatility on Wall Street has also impacted the local and national economy. The AA's unemployment rate of 7.6 percent in June 2002 has risen over 2 percent from June of 2001. The overall state unemployment rate in June 2002 was 5.9 percent.

Within the New York/Queens AA, there are 785 thousand housing units of which 91 percent are occupied. Owner-occupied units account for 16 percent and rental units account for 75 percent. Additionally, nearly 96 percent of all housing units are multi-family. The high level of households below the poverty level coupled with the high cost of housing makes homeownership for low- and moderate-income individuals difficult.

Contacts with community organizations serving the bank's New York/Queens AA reveal a continued need for affordable housing development (primarily rental) and rehabilitation lending. These contacts also identified flexible lending products, including small lines of credit to small businesses, as a need within the community.

There are opportunities for Community Development activities within the New York/Queens AA.

# Appendix D: Tables of Performance Data

---

## Table of Contents

*Content of Standardized Tables* ..... D-2  
*Tables of Performance Data* ..... D-6

## Content of Standardized Tables

---

One set of tables is provided for both full scope AAs and limited scope AAs that were reviewed. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the AA. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without relevant data are included in this Performance Evaluation, but show as Not Applicable in the Evaluation Period section at the top of the table. As stated earlier, loans collateralized by 1-4 family residential real estate are for commercial purposes and are included in our analysis of the bank’s small business loan products.

The following is a listing and brief description of the tables included in this PE:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/AA. Community development loans to statewide or regional entities or made outside the bank’s AA may receive positive CRA consideration. Refer to Interagency Q&As 12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of AA,” in the Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - (Not Applicable) Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by AA. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - (Not Applicable) Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - (Not Applicable) See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - (Not Applicable) See Table 2.

- Table 5. Geographic Distribution of Multifamily Loans - (Not Applicable)**  
Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Businesses - The**  
percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.
- Table 7. Geographic Distribution of Small Loans to Farms - (Not Applicable)** The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.
- Table 8. Borrower Distribution of Home Purchase Loans - (Not applicable)**  
Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each AA. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans - (Not Applicable)**  
See Table 8.
- Table 10. Borrower Distribution of Refinance Loans - (Not Applicable)** See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses -** Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the

percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

- Table 12. Borrower Distribution of Small Loans to Farms - (Not Applicable)**  
Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans - (Not Applicable)** For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each AA.
- Table 14. Qualified Investments -** Presents the number and dollar amount of qualified investments made by the bank in each AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's AA. See Interagency Q&As 12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of AA," in the Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**  
- Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each AA. The table also presents data on branch openings and closings in each AA.

**Table 1. Lending Volume**

<b>LENDING VOLUME</b>												
<b>Geography: NARA BANK</b>						<b>Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002</b>						
Assessment Area:	% of Rated Area Loans (#) in AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Los Angeles	61.08	0	0	1,428	316,416	0	0	3	3,600	1,428	316,416	57.71
New York/Queens	25.32	0	0	592	105,980	0	0	0	0	592	105,980	27.44
<b>Limited Review:</b>												
Alameda	3.93	0	0	92	12,157	0	0	0	0	92	12,157	2.63
Orange County	5.18	0	0	121	29,079	0	0	52	369	121	29,079	4.46
Santa Clara	4.49	0	0	105	15,423	0	0	0	0	105	15,423	7.76

\* Loan Data as of December 31, 2002. Rated area refers to the AA rating areas.

\*\* The evaluation period for Community Development Loans is from August 4, 1998 to August 4, 2003.

\*\*\* Deposit Data as of June 30, 2001 (most current data available at the beginning of the examination). Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: NARA BANK		Evaluation Period: January 1, 2000 TO DECEMBER 31, 2002				
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*							
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp			
<b>Full Review:</b>																		
Los Angeles	1,428	61.08	8.60	40.00	17.31	27.86	31.99	19.30	41.83	12.84	0.21	1.21	0.34	0.12	0.06			
New York/Queens	592	25.32	4.20	2.94	16.76	20.03	21.02	34.37	54.74	42.66	0.23	0.17	0.29	0.34	0.17			
<b>Limited Review:</b>																		
Alameda	92	3.93	15.03	21.74	18.62	27.17	42.25	40.22	23.35	10.87	0.09	0.09	0.18	0.11	0.05			
Orange County	121	5.18	3.65	8.47	24.87	42.37	37.42	29.66	28.64	19.49	0.06	0.23	0.10	0.05	0.02			
Santa Clara	105	4.49	6.10	3.81	22.46	20.00	50.02	63.81	21.17	12.38	0.09	0.04	0.10	0.11	0.05			

\* Based on 2001 Peer Small Business Data: US & PR.

\*\* Small loans to businesses originated and purchased in the AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2002).

**Table 11. Borrower Distribution of Small Loans to Businesses**

<b>Borrower Distribution: SMALL LOANS TO BUSINESSES</b>					<b>Geography: NARA BANK</b>			<b>Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002</b>	
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses ***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
Los Angeles	1,428	61.08	65.69	59.66	49.23	21.29	29.48	0.21	0.29
New York/Queens	592	25.32	64.32	44.76	58.45	20.78	20.78	0.23	0.21
<b>Limited Review:</b>									
Alameda	92	3.93	69.30	88.04	65.22	19.57	15.22	0.10	0.22
Orange County	121	5.18	65.44	69.42	50.41	19.01	30.58	0.06	0.10
Santa Clara	105	4.49	65.97	62.86	65.71	20.95	13.33	0.09	0.15

\* Based on 2001 Peer Small Business Data: US & PR.

\*\* Small loans to businesses originated and purchased in the AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 5.18% of small loans to businesses originated and purchased by the Bank.

**Table 14. Qualified Investments**

<b>QUALIFIED INVESTMENTS</b>									
<b>Geography: NARA BANK</b>									
<b>Evaluation Period: JANUARY 1, 2000 TO AUGUST 4, 2003</b>									
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Los Angeles	0	0	25	4,998	24	3,998	64.8	1	800
New York/Queens	0	0	4	1,232	4	1,232	20.0	0	0
	0	0			0	0	0	0	0
<b>Limited Review:</b>									
Alameda	0	0	5	154	5	154	2.5	0	0
Orange County	0	0	9	637	9	637	10.3	0	0
Santa Clara	0	0	2	147	2	147	2.4	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS <b>Geography:</b> NARA BANK <b>Evaluation Period:</b> AUGUST 4, 1998 TO AUGUST 4, 2003																	
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Los Angeles	57.71	6	100	33.3	16.7	33.3	16.7	3	0	+1		+1	+1	9.02	26.69	33.93	30.17
New York/Queens	27.44	3	100	0.0	0.0	66.7	33.3	0	0					9.85	18.20	32.83	38.81
<b>Limited Review:</b>																	
Alameda	2.63	1	100	100	0.0	0.0	0.0	1	0	+1				12.18	21.65	42.53	22.93
Orange County	4.46	1	100	0.0	100	0.0	0.0	0	0					3.61	26.73	42.01	27.64
Santa Clara	7.76	1	100	0.0	100	0.0	0.0	0	0					3.91	21.23	54.69	20.18