



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

April 19, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First Coastal Bank, National Association
Charter Number 18454**

**275 Main Street
El Segundo, CA 90245**

**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, 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.

INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

This rating is based on the following factors of the bank's lending performance:

- The bank's average loan-to-deposit ratio is excellent.
- Lending to businesses of different sizes is satisfactory.
- The overall geographic distribution of loans is satisfactory.

DESCRIPTION OF INSTITUTION

First Coastal Bank, N.A. (FCB) began operations in 1984 as El Segundo First National Bank. FCB is a wholly owned subsidiary of First Coastal Bancshares. FCB is headquartered in the city of El Segundo, California. FCB currently has a total of four branches in Los Angeles County. Automated Teller Machines (ATMs) are available at all locations. In addition, FCB offers customers who subscribe to Third Party Depository Service the convenience of over 6,200 ATMs. Hours of operation at the four branches differ. Please refer to the bank's Public File for additional information.

As of December 31, 2003, FCB had total assets of \$210 million. Net loans were 60 percent of total assets. Approximately 78 percent of the bank's lending is for business purposes. FCB's loan portfolio consisted of the following: \$80 million (63 percent) in commercial real estate, \$28 million (22 percent) in residential real estate, \$19 million (15 percent) in business, and \$480 thousand (0.4 percent) in consumer loans.

The bank has no legal or financial impediments that would affect its ability to meet the credit needs of its assessment area. During October of 2002, FCB opened a new branch in Manhattan Beach and relocated the Marina branch. The Burbank branch was sold to First State Bank during October of 2001. The bank was rated "Satisfactory" during the previous CRA performance evaluation dated October 12, 1999.

DESCRIPTION OF ASSESSMENT AREA

The bank has one assessment area within the Los Angeles-Long Beach Metropolitan Statistical Area (MSA). The bank's assessment area consists of 289 of the 2,054 census tracts within the MSA. FCB's assessment area does not include the entire MSA because the bank does not have sufficient resources to serve the entire MSA. The bank's assessment area includes census tracts surrounding its four branches. FCB's assessment area meets the requirements of the law and does not arbitrarily exclude low- and moderate-income census tracts. Per the 2000 Census,

the assessment area population was 1.3 million. The 2003 U.S. Department of Housing and Urban Development (HUD) median family income was \$50,300.

The Los Angeles-Long Beach MSA's economy has leveled off and is no longer in recession. However, unemployment lingers at a high rate of seven percent. Land constraints for residential development add to the price appreciation in the housing market. Los Angeles enjoys expanding international trade and rising defense spending. In addition, the entertainment industry has had a good year. However, state budget constraints threaten infrastructure improvements.

Major industries include services, retail trade, wholesale trade, finance, insurance and real estate, and manufacturing. The top 10 largest employers are UCLA, Kaiser Permanente, Boeing, Ralph's Grocery, Bank of America, Walt Disney, Target, SBC, Northrop-Grumman, and ABM Industries. Competition within the bank's assessment area is intense. As of June 30, 2003, the Federal Deposit Insurance Corporation (FDIC) reported 1,566 branches of financial institutions located in the MSA.

As part of this examination, we considered information from the community. Our contacts include a federal government agency and three community development corporations. All four contacts were made during the examination. These contacts identified financing needs for small and minority-owned businesses. Other identified needs include training programs with an emphasis on business development.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Scope of Examination

We evaluated the bank's performance based on loans originated or purchased from November 1999 through April 2004. We focused our evaluation on business loans and single-family residential mortgages (mortgages) loans, as these are the largest concentrations of bank loans. Our sample consisted of 58 business loans and 62 mortgages.

Loan-to-Deposit Ratio

FCB's loan-to-deposit ratio is excellent. The bank's average loan-to-deposit ratio for the 17 quarters ended December 31, 2003, was 81 percent. For the same period, the average loan-to-deposit ratio was 72 percent for five similarly situated banks in the bank's assessment area.

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

The bank's origination of loans to businesses of different sizes is satisfactory. A significant number of the loans were to businesses that reported revenues of less than \$1 million. Refer to Table 1 and Table 2 on the following page.

Revenues	< \$1,000,000	> \$1,000,000
% of AA Businesses*	90%	10%
% of Bank Loans in AA by #	60%	40%
% of Bank Loans in AA by \$	54%	46%

Source: 2002 Business Geodemographic Data
 *Percentage of businesses that reported revenues

Revenues	< \$1,000,000	> \$1,000,000
% of AA Businesses*	90%	10%
% of Bank Loans in AA by #	82%	18%
% of Bank Loans in AA by \$	71%	29%

Source: 2003 Business Geodemographic Data
 *Percentage of businesses that reported revenues

The bank's origination of mortgage loans in the assessment area is poor. Mortgage loans were not made to low- or moderate-income families. However, mortgage loans are only a small percentage of the bank's loan portfolio, and housing prices are high relative to the incomes of low- and moderate-income families. Refer to Table 3 and Table 4 below for details.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
SFR*	19%	0%	15%	0%	19%	10%	47%	90%

Source: 1990 Census
 * SFR: Single Family Residence

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
SFR*	20%	0%	15%	0%	17%	0%	48%	100%

Source: 2000 Census
 * SFR: Single Family Residence

Geographic Distribution of Loans

The overall geographic distribution of loans is satisfactory. The geographic distribution of loans to businesses in the bank's assessment area is good. Lending to businesses in the low-income geographies is less than area demographics. However, loans to businesses within the moderate-income geographies well exceeded the area's demographics.

The geographic distribution of mortgage loans in the bank's assessment area is weak. The bank does not have any mortgage loans within the low- and moderate-income geographies. As stated previously, mortgage loans are a small percentage of the bank's portfolio. Refer to Table 5 and Table 6 for more details.

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA	% of Number of Loans	% of AA	% of Number of Loans	% of AA	% of Number of Loans	% of AA	% of Number of Loans
Business*	1%	0%	15%	27%	32%	27%	52%	47%
SFR**	1%	0%	13%	0%	28%	0%	58%	100%

Source: 1990 Census; 2002 Business Geodemographic Data

* Includes Commercial Real Estate Loans

** SFR: Single Family Residence

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA	% of Number of Loans	% of AA	% of Number of Loans	% of AA	% of Number of Loans	% of AA	% of Number of Loans
Business*	2%	0%	20%	23%	23%	23%	55%	55%
SFR**	0%***	0%	15%	0%	26%	0%	59%	100%

Source: 2000 Census; 2003 Business Geodemographic Data

* Includes Commercial Real Estate Loans

** SFR: Single Family Residence

*** Actual percentage is 0.47% rounded to the nearest percent.

Lending in Assessment Area

FCB's lending in its assessment area is weak. The lending performance based on the number of business loans made in the assessment area is satisfactory. However, the dollar volume of both types of loans shows the majority of activity outside the assessment area. Refer to Table 7 below for details.

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	
Business*	37	64%	21	36%	58	\$13,746,011	40%	\$20,790,895	60%	\$34,536,906
SFR	16	26%	46	74%	62	\$9,474,409	31%	\$21,049,114	69%	\$30,523,523
Totals	53	44%	67	56%	120	\$23,220,420	36%	\$41,840,009	64%	\$65,060,429

Source: Data reported in bank records

* Includes Commercial Real Estate Loans

Other Lending

The bank is an active participant of the California Community Reinvestment Corporation (CCRC). Founded in 1989, the CCRC is a nonprofit multi-bank lending group. The CCRC has provided over \$200 million in mortgages to developers of housing servicing low-income families and seniors throughout the state to respond to the statewide shortage of affordable housing. Over 40 member banks in California fund the CCRC.

RESPONSES TO COMPLAINTS

The bank has not received any complaints related to its CRA performance since the previous CRA evaluation.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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