



**LARGE BANK**

---

Comptroller of the Currency  
Administrator of National Banks

---

Washington, DC 20219

## **Public Disclosure**

November 17, 2003

# **Community Reinvestment Act Performance Evaluation**

**Far East National Bank  
Charter Number: 16407**

**350 South Grand Avenue  
Los Angeles, CA 90071**

**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

<b>OVERALL CRA RATING .....</b>	<b>1</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>2</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>5</b>
<b>SCOPE OF THE EVALUATION .....</b>	<b>7</b>
<b>FAIR LENDING REVIEW .....</b>	<b>8</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS .....</b>	<b>9</b>
LENDING TEST .....	9
INVESTMENT TEST .....	13
SERVICE TEST .....	15
<b>APPENDIX A: SCOPE OF EXAMINATION .....</b>	<b>A-1</b>
<b>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS .....</b>	<b>B-1</b>
<b>APPENDIX C: TABLES OF PERFORMANCE DATA .....</b>	<b>C-1</b>

## Overall CRA Rating

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

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

Performance Levels	Far East National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory			X
Low Satisfactory	X		
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:

- Lending activity reflects good responsiveness to credit needs in the bank's assessment area.
- Geographic loan distributions are good, based on excellent activity of small loans to businesses and adequate penetration of home mortgage loans.
- Borrower income distributions are adequate, based on adequate activity of both small loans to businesses and home mortgage loans.
- Community development lending performance had a positive effect on the overall Lending Test.
- The volume of qualified investments is excellent, given the bank's capacity and the level of investment opportunities in the assessment area.
- The bank's branches are readily accessible to geographies, individuals and businesses of different income levels.
- The bank provides a good level of community development services.

## 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 household 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 Area (MA):** 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

Far East National Bank (FENB or the bank) opened in 1974, and is a full-service intrastate bank headquartered in Los Angeles, California (CA). The bank is owned by Sino Pac Bancorp, a California Holding Company that was incorporated in August 1997 for the sole purpose of acquiring FENB. Sino Pac Bancorp is a wholly owned subsidiary of Bank SinoPac of Taiwan. The bank's primary markets are the local Asian communities where the branches are located. The bank focuses on commercial real estate lending and serving the needs of small and medium sized businesses operating in both domestic and international markets. The bank originates loans through its branch network and its Small Business Administration (SBA) department. In addition, the bank has offered home mortgage loan products as accommodations to its customers. As of December 31, 2002, these mortgage loan products totaled \$18.7 million or 1.7 percent of total loans, and have not been considered a primary focus of the bank's business lending strategy.

The bank has five operating affiliates. These affiliates have no impact on the bank's ability to meet the bank's CRA commitment. Thus, these organizations were not considered in our CRA analysis. Far East Capital Corporation (FECC) was established in Los Angeles in 1988. This affiliate is licensed by the SBA as a Small Business Investment Company that provides equity or financing capital to companies that would not otherwise qualify for traditional bank financing products. During the review period, FECC made two loans totaling \$650 thousand. As of December 31, 2002, equity investments in small businesses totaled \$1.5 million. In the future, management plans to increase the amount of loans and equity investments made through this subsidiary.

Other affiliates include FENB Securities, which was established in 2000 in Alhambra, CA as a full service investment company available to all economic segments of the bank's local communities, including low- and moderate-income individuals. Products include annuities, life and health insurance, mutual funds, bonds and individual stocks. The three other affiliates are Film Services Management Corporation, FENB Loan Corp, and FENB Film Corp. Located throughout Los Angeles, these firms provide various services to the motion picture industry.

As of year-end 2002, the bank reported total assets of \$1.5 billion, and net income of \$11.3 million, for a return on average assets of 0.75 percent. Tier One Capital totaled \$110 million. The bank reported \$1.1 billion in total loans, which represents 75 percent of total assets. Commercial real estate is the largest category in the loan portfolio, comprising 77 percent of the dollar volume. Loans to businesses, secured by collateral other than real estate, represent 22 percent of the portfolio. Retail loan products are a minor segment of the portfolio and are done on an accommodation basis to existing customers. Retail loan products are less than one percent of total loans. Deposits totaled \$1.2 billion. They consist of certificates of deposit (56 percent), money market accounts (26 percent), demand deposits (13 percent), and savings accounts (5 percent).

The board of directors has designated the Southern California Counties of Los Angeles and Orange, and the Northern California Counties of San Francisco, Alameda, and Santa Clara as the bank's assessment areas (AAs). These AAs meet the legal requirements of the CRA and do not arbitrarily exclude low- and moderate-income geographies.

The bank has 15 full service branches located throughout Southern and Northern California. Of the nine Southern California branches seven are located in the Los Angeles AA, in the cities of Alhambra, Arcadia, City of Industry, Los Angeles (2), Monterey Park, and Pasadena; and two branches are located in the Orange AA, in the cities of Newport Beach and Irvine.

The six Northern California branches are located in the following AAs and cities: two San Francisco AA branches located in Downtown San Francisco and Chinatown, two Alameda AA branches located in Fremont and Oakland, and two Santa Clara AA branches located in Cupertino and San Jose.

During the evaluation period, the bank closed its Beverly Hills, CA branch for competitive reasons and opened branches in Oakland and Cupertino. In March 2003, upon the expiration of a lease, the bank relocated the Fremont branch to a nearby location for economic reasons.

FENB conducts business in highly competitive banking environments. Refer to appendix B for more detail on the competitive nature. In most of FENB's AAs, numerous financial institutions also focus on the Asian community. Los Angeles is the bank's primary AA, and the bank competes with many other financial institutions for loans and deposits. Competition includes local community banks, branches of larger regional banks, credit card banks, and other non-bank financial service institutions. This intense competition, along with the slowing economy, has affected new business opportunities. The level of competition is the same in the other AAs, where FENB has a relatively small market share of deposit and loan activity.

Home mortgage loan activity currently is a small portion of the bank's total loan portfolio and weighs little in the evaluation of the overall lending performance. The bank's market share in mortgage lending is less than one percent in a highly competitive market. Beginning in mid-year 2002, the bank expanded its lending strategy to increase 1-4 family mortgage loans. For example, in 2001, the bank reported 32 mortgage loans. In 2002, the bank reported 53 mortgage loans. FENB plans to increase its market share in home mortgage products. This program includes the hiring of additional business development officers whose markets would include low- and moderate-income geographies.

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 evaluation dated January 8, 2001, the bank received a "Satisfactory".

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation (PE) considered FENB's small loans to businesses and residential mortgage lending activities for the period October 1, 2000 through December 31, 2002. The prior CRA PE evaluated loan data through September 30, 2000. We also evaluated the bank's community development lending activities, investments, and services for the period January 9, 2001 through November 17, 2003. We used FDIC data available during the examination period to analyze the bank's deposit market share.

### Data Integrity

To determine the accuracy of the bank's small business and home mortgage data used in our analyses, we performed a separate data integrity examination in September 2003. We reviewed a sample of small business and HMDA loans. Our initial review of these loans disclosed several reporting errors with HMDA, resulting from unreliable data input procedures. Subsequently, management reviewed all loans and corrected each error prior to this examination. This PE is based on corrected data.

Additionally, we reviewed all originated community development loans, investments, and services to ensure that each activity had community development as its primary purpose. We determined that the information available for these activities was accurate for use in our assessment of the bank's CRA performance.

### Selection of Area for Full-Scope Review

We performed a full scope review of the Los Angeles AA where the majority of the bank's lending and deposit-taking activities occur. The bank's headquarters and seven of its branches, which account for 77 percent of the bank's deposits and 68 percent of loan activity, are located in the Los Angeles AA. Refer to Table 1 of appendix C for the facts and data used to evaluate the bank's lending activity.

### Ratings

The overall rating for the bank is based primarily on the performance in the full-scope review of the Los Angeles AA. Because of the bank's emphasis on small business lending, this area was given more weight in our analysis and in the overall conclusions. During the evaluation period, the volume of home mortgage lending was low and was not considered a significant bank activity. Thus, less weight was given to this activity in our analysis.

### Other:

We reviewed seven community contacts on file from local community development organizations located in the Los Angeles AA. The contacts included two community development financial institutions, two small business economic development organizations, two community development/social service organizations, and one affordable housing and community development organization. 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. These contacts also emphasized the need for participation on loan committees of nonprofit organizations, grants to those nonprofit organizations, and more flexible lending criteria.

## **Fair Lending Review**

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

## **LENDING TEST**

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

The bank's performance under the Lending Test is rated "Low Satisfactory". Based on the full-scope review, the lending performance in the Los Angeles AA is adequate.

### **Lending Activity**

Loans to small businesses and affordable housing loans are identified as primary credit needs in the Los Angeles AA. FENB is primarily a commercial business lender. Our evaluation of the bank's lending activities focused on small loans to businesses, community development lending, and to a lesser extent on home mortgage products.

In relation to FENB'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 in the Los Angeles community.

FENB was able to achieve a comparable small business loan market share to deposit market share despite a high level of competition from other lenders. As of June 30, 2002, the bank's deposit market share in the Los Angeles AA was 0.49 percent, which ranked 29<sup>th</sup> out of 137 reporting institutions. By comparison, the bank had a 0.45 percent small business loan market share by dollar volume and 0.01 percent mortgage lending market share by dollar volume.

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

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

The geographic distribution of loans is good. This is based on the excellent performance in the distribution of small loans to businesses and the adequate performance in home mortgage loans.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4 and 5 of appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage products is adequate. Our analysis focused on performance in the moderate-income geographies. The percentage of owner-occupied housing in low-income census tracts is low (2.3 percent). The opportunity for home mortgage lending in this geography is limited.

FENB achieved good penetration of moderate-income geographies in comparison to the demographics. The bank's percentage of home purchase and refinance loans in moderate-income geographies exceeded the demographics, while home improvement and multifamily loans were slightly less than the percentages in the moderate-income areas.

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

Refer to Table 6 in appendix C 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 in 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 (19 percent compared to 9 percent). This is also true for the geographic distribution of loans in moderate-income geographies (25 percent compared to 17 percent). The bank's business focus and marketing efforts have been successful in addressing the small business needs within low- and moderate-income geographies.

### ***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 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 portion of the PE was performed at the bank level. FENB originated a substantial majority (90 percent by number and 93 percent by dollars) of its loans within its AAs. In addition, all community development loans were located within the bank's AAs.

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

The overall distribution of loans by income level of the borrower is adequate. This is based on adequate distribution performance in both the small loans to businesses and home mortgage products.

### ***Home Mortgage Products***

Refer to Tables 8, 9, and 10 of appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Overall, the distribution of home mortgage products by income level of the borrower is adequate given the high cost of housing in the Los Angeles AA. Recent economic data show that the median sales prices of existing single-family homes in the AA exceed \$245 thousand. Coupled with a poverty level of almost 12 percent of the households in the AA, home-ownership remains difficult for most low- and moderate-income borrowers. The bank made no home purchase or mortgage refinance loans to low-income borrowers. The percentage of home improvement loans was less than the percentage of low-income families.

In addition, the bank made no home purchase loans to moderate-income borrowers. The percentage of home improvement and mortgage refinance loans was below the percentage of moderate-income families.

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

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

Overall, the distribution of loans to businesses of different sizes is adequate when considering the size of loans originated and the strong competition for small loans to businesses in the AA.

Although the 46 percent of bank's loan originations is less than the demographic indicator (businesses with revenues of \$1 million or less) of 66 percent, the bank's performance in this area was 70 percent of the demographic indicator. Also, the bank's market share of loans to businesses with revenues of \$1 million or less (0.08 percent) exceeded its overall lending market share (0.04 percent).

### **Community Development Lending**

Refer to Table 1 of appendix C for the facts and data used to evaluate the bank's level of community development (CD) lending. This table includes all CD loans, including qualifying multifamily loans.

CD lending has a positive impact upon the Lending Test. CD lending performance reflects responsiveness to the Los Angeles AA credit needs. The bank extended CD loans totaling \$18.9 million. All of these loans have a community development focus and provide community economic development targeted towards low- and moderate-income individuals and geographies. Examples of FENB's CD loans are described below:

- Providing \$7 million in conjunction with the Redevelopment Agency of the City of Pomona, for construction financing of a 49,094 square foot commercial/retail center and 26 residential units, of which eight are designated affordable. The project is located in a low-income census tract and is expected to generate 100 jobs. This is the first commercial development project in the downtown area in more than 20 years. The City of Pomona agreed to provide \$6.8 million in bond financing and equity on this \$14.5 million project.
- Providing \$3.9 million to construct 38 low- and moderate-income housing units on the island of Santa Catalina, CA. Fourteen of the units are allocated for senior citizens. The sponsor of this project, the City of Avalon, is providing 40 percent in secondary financing and low-income housing tax credits. The Rural Rental Housing Authority is also providing financing. Although located in a middle-income census tract, this project helps to meet the needs of low- and moderate-income apartment housing in the City of Avalon.
- Providing \$3.1 million to finance the purchase and remodeling of a 98,934 square foot office and warehouse facility in downtown Los Angeles. This project will create up to 100 jobs. Repayment is from State of California Industrial Revenue Bonds. The property is located in both Federal and State of California Enterprise Zones and is in a low-income census tract.
- Providing \$3 million (or 10.3 percent participation of a \$29.2 million loan commitment) for the construction and conversion of three commercial buildings in a low-income census tract in the garment district of downtown Los Angeles. This project will provide 165 live/work-housing units, including 35 affordable housing units, and 44,000 square feet of retail space, creating 50 to 100 new jobs. The property is located in a City of Los Angeles Empowerment Zone. Rental rates are below market rate.

- Providing \$2 million (or 12.5 percent participation of a total \$16 million loan commitment) to refinance and renovate a 202,570 square foot 41-tenant retail center that includes a super market, located in a low-income census tract within a Los Angeles County Empowerment Zone. Renovation created 50 jobs and helped to revitalize the community.

Table 1 of appendix C also reflects CD lending in a Broader Region Area that covers more than one AA.

The bank provided a \$12 million line of credit to a California based affordable housing organization that provides interim financing of home mortgage loans used to purchase of 1-4 residential units. This activity serves the credit needs of individuals throughout the State of California. These loans help to meet the need of revitalizing declining neighborhoods by preserving affordable housing for low- and moderate-income families. During the evaluation period, 158 loans were approved. The line usage averaged \$8.75 million. These loans are subsequently sold in the secondary market, freeing up the line to generate new loans.

### **Product Innovation and Flexibility**

Product innovation and flexibility has a neutral impact on evaluating performance under the Lending Test. The bank offers traditional loan products, none of which are considered innovative or flexible.

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

Based on limited-scope reviews, the bank's overall performance under the Lending Test in the Alameda, Orange, San Francisco and Santa Clara AAs is not inconsistent with the bank's overall "Low Satisfactory" performance under the Lending Test in the Los Angeles AA. The bank's lending performance in the geographic distribution of home improvement and home mortgage refinancing loans in the San Francisco and Santa Clara AAs is weaker than the Los Angeles AA. In addition, the bank did not make any multifamily loans to low- and moderate-income geographies within the limited scope areas.

The bank's performance in making home purchase loans to moderate-income borrowers exceeded the percentage of moderate-income families in the Orange AA. Home improvement loans to moderate-income borrowers exceeded the percentage of moderate-income families in both San Francisco and Santa Clara AAs.

The geographic distribution of small loans to businesses in the low-income geographies was weaker than the percentage of businesses in the geographies in the Alameda and Orange AAs. The geographic distribution in moderate-income geographies was weaker in the Alameda and Santa Clara AAs.

In spite of the lesser performance in these limited-scope areas, these factors do not have a negative impact on the overall Lending Test rating based on the bank's limited presence in these areas. We gave more weight to the bank's performance in the full-scope review area because the majority of the bank's deposit and loan activity occurs in the Los Angeles AA.

## INVESTMENT TEST

### Conclusions for Area Receiving Full-Scope Review

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

The bank's performance under the Investment Test is rated "Outstanding". The bank's performance in the Los Angeles AA is excellent based on investment opportunities and the capacity to invest.

While none of the investments are considered innovative or complex, these investments are responsive to the credit needs and benefited the Los Angeles AA. The bank made qualified investments and donations totaling \$5.7 million during the evaluation period.

Examples of qualified investments and donations made during the evaluation period include:

- The purchase of mortgage backed security pools issued by a large national corporation, totaling \$2.4 million. The pool consists of a group of 18 mortgage loans made to low- and moderate-income individuals, in predominately low- and moderate-income geographies.
- The purchase of mortgage backed securities issued by a large commercial bank totaling \$2.2 million. The pool consists of a group of 19 mortgage loans made to low- and moderate-income individuals, in predominately low- and moderate-income geographies.
- Several cash donations totaling \$159 thousand that benefited a variety of qualifying organizations that helped to 1) revitalize the community, 2) education and benefit low- and moderate-income students, or 3) assist locally based health care facilities in low- and moderate-income communities.

During the prior evaluation period the bank made two similar investments, which have a \$3 million balance at the time of this review. These investments have an ongoing effect on facilitating affordable housing and community economic development activities. These were equity investments in a locally based organization that was sponsored by the Mayor of Los Angeles, the City of Los Angeles, and a group of private sector investors. The fund has developed 15 commercial and industrial projects and multifamily housing opportunities in low- and moderate-income neighborhoods of the City of Los Angeles. These activities have created 500 jobs.

### Broader Regional Area Investments

In addition, the bank made investments in two funds, totaling \$4 million that benefit broader regional geographies throughout the Southern and Northern California communities. These investments meet the need for affordable housing and economic community development in these areas.

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

Refer to Table 14 of appendix C for the facts and data that support these conclusions.

Based on limited-scope reviews, the bank's performance under the Investment Test in the Alameda, Orange, Santa Clara, and San Francisco AAs is not inconsistent with the bank's overall "Outstanding" performance under the Investment Test in the Los Angeles AA.

## **SERVICE TEST**

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

The bank's performance under the Service Test 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 C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

The bank's primary business focus has been on commercial business loans and business clientele, who do not require the same degree of retail banking facilities that a consumer oriented bank might offer. Also the bank provides bank-by-mail services, which further reduces the need for its customers to be physically located near bank facilities. The bank has recently changed its strategic focus to increasing home mortgage loan production, which would not exclude low- and moderate-income geographies.

The bank has a reasonable 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 seven branches in the Los Angeles AA, including one branch in a low-income census tract and two branches in moderate-income census tracts. The bank's distribution of branches in both low- and moderate-income census tracts exceeds the area demographics. During the review period, the bank closed the Beverly Hills, CA branch, which was located in an upper-income census tract, due to strong competition.

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 has been on commercial lending activity, consumer products are offered as accommodations to business customers. Bilingual personnel are available to assist customers who do not speak English. Automatic teller machines are available at each of the branches.

### **Community Development Services**

FENB provides a good level of community development services that are responsive to the needs of the people and organizations within 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.

- A vice president served as chairman of the loan committee and on the board of directors of a locally based Los Angeles community development organization that provides loans to small businesses that would not otherwise qualify for traditional bank financing.

- A department manager conducted an “Access to Capital” workshop and provided technical assistance in affiliation with the City of Glendale and the City of Inglewood. Participants included owners of small businesses.
- A branch manager served on a committee to increase community involvement for local revitalization efforts through a nonprofit local economic development corporation located in the City of Pasadena. This organization facilitated both community block grant funds and bank funds for lending to small businesses within the San Gabriel Valley and Los Angeles County.
- An executive vice-president served on the Project and Investment Committees of a community development organization jointly created by the Mayor and the City of Los Angeles. The purpose of the organization was to generate development or revitalization projects intended to create local jobs and encourage private investment in the Los Angeles area.
- A bank officer provided technical assistance and education to small business owners through an organization that focuses on start-up, capital acquisition, market development, and technical assistance to businesses in Central Los Angeles and the San Gabriel Valley.
- The bank sponsored an economic summit in affiliation with the City of Inglewood Office of Economic and Business Development and the Los Angeles Airport to promote participation of small business owners in employment in airport related industries.
- Various bank officers conducted small business training and provided ongoing training in banking operations and services to middle and high schools located in low-income areas of Los Angeles.

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

Refer to Table 15 in appendix C for the facts and data that support these conclusions.

Based on limited scope reviews, the bank’s performance of branch distribution under the Service Test in the other four California AAs is not inconsistent with the overall Service Test rating of “High Satisfactory” in the Los Angeles AA. The bank opened a branch in low-income census tract in the Alameda AA during the review period.

## 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 Test (excludes CD Loans): 10/01/2000 to 12/31/2002 Investment, Service Tests and CD Loans: 01/09/2001 to 11/17/2003	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
<b>Far East National Bank</b> Los Angeles, California	Small business loans, CD loans, investments, retail and community development services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Far East Capital Corporation FENB Loan Securities FENB Loan Corp Film Services Management Corp. FENB Film Corp	Each of the affiliates are wholly owned subsidiaries of FENB	No analyses were performed on any affiliate products or services
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Los Angeles County Alameda County Orange County San Francisco County Santa Clara County	Full-Scope Limited Scope Limited Scope Limited Scope Limited Scope	N/A

## Appendix B: Market Profile for Full-Scope Area

### Market Profile for Area Receiving Full-Scope Review

## Los Angeles County (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)	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	48.68	0.00
Business by Geography	608,916	8.60	17.31	31.99	41.83	0.27
Farms by Geography	4,552	2.92	11.97	36.36	48.66	0.09
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	Median Housing Value		246,159	
HUD Adjusted Median Family Income for 2002		55,100	Unemployment Rate (1990 US Census)		3.77%	
Households Below Poverty Level		11.87%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 US 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 the 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 has an estimated population of 9.9 million as of January 2003, which reflects a 12 percent growth over the 1990 census information in the above table.

Banking competition is strong, with 139 institutions in the Los Angeles AA competing for FDIC insured customer deposits 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 2002 shows that 254 reporting lenders competed for close to 290 thousand loans totaling about \$7.4 billion. Again, a few institutions hold market dominance, with the top four reporting 65 percent of the number of loans originated or purchased during the year. Within this intensely competitive market, FENB's market share is less than one percent. The bank ranks 49<sup>th</sup> out of 254 reporting lenders.

Aggregate HMDA loan data for 2002 shows that 895 lenders competed for more than 1.1 million loans totaling more than \$253 billion. This loan market segment is more fragmented, with the top five lenders reporting 31 percent of the loans originated or purchased. FENB's market share of HMDA lending is less than one, and the bank is rated 361 out of 895 total financial institutions.

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.

Major banking institutions competing for deposits and loans in the Los Angeles AA include credit card banks, interstate banking companies, and mortgage companies. Major competitors are American Express Centurion, Bank of America, Citibank West, Countrywide Home Loans, GMAC Mortgage, Union Bank of California, Washington Mutual Bank, Wells Fargo Bank, and World Savings Bank.

In the late 1980s, structural changes in the economy and other events combined to undermine the general prosperity. Defense spending cuts and other Federal 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, within the past few years the Los Angeles AA economy has been rebounding, and the unemployment rate has continued to decline. The Bureau of Labor Statistics reported a 6.8 percent unemployment rate as of October 2003.

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 Ports of Los Angeles/Long Beach and the Los Angeles International Airport are the busiest ports and one of the most active airports in the nation. Continued population growth and the diverse economy have created 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 promotes and assists a variety of community development and redevelopment activities. In January 2002, HUD announced that Los Angeles was 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 are knowledgeable about community credit needs, and identified the area's major credit needs as affordable housing, community redevelopment, and small business lending.

## Appendix C: Tables of Performance Data

---

### Content of Standardized Tables

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 MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- 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/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area 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 Assessment Area,” in the MA/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 over the evaluation period by MA/assessment area. 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** - 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** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - 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 assessment area.
- 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 assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - 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 MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - 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 MA/assessment area.

**Table 14. Qualified Investments -** Presents the number and dollar amount of qualified investments made by the bank in each MA/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 assessment area. 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 Assessment Area," in the MA/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 in each geography within each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

**Table 1. Lending Volume**

LENDING VOLUME		Geography: CALIFORNIA						Evaluation Period: OCTOBER 1, 2000 TO December 31, 2002				
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 County	68.38	85	18,751	182	48,657	0	0	6	18,910	273	86,318	77.31
<b>Limited Review:</b>												
Alameda County	8.74	16	5,096	22	9,527	0	0	4	1,971	42	16,594	3.66
Orange County	17.01	56	10,040	18	7,555	0	0	0	0	74	17,595	6.41
San Francisco County	3.68	3	1,250	13	2,765	0	0	3	4,182	19	8,197	5.20
Santa Clara County	9.20	11	2,213	29	11,362	0	0	0	0	40	13,575	7.41
Broader Regional Area								2	12,300	1	12,300	

A Broader Regional Area is defined as a geography that benefits more than one of the bank's AA and other geographies.

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

\*\* The evaluation period for Community Development Loans is January 09, 2001 to November 17, 2003

\*\*\* Deposit Data as of June 30, 2002. Rated Area refers to the AA, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE			Geography: CALIFORNIA				Evaluation Period: OCTOBER 1, 2000 to DECEMBER 31,2002					Market Share (%) by Geography				
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Los Angeles County	13	76.47	2.34	0.00	14.25	15.38	34.73	46.15	48.68	38.46	0.00	0.00	0.00	0.01	0.00	
<b>Limited Review:</b>																
Alameda County	3	17.65	5.72	0.00	14.17	33.33	47.82	33.33	32.28	33.33	0.01	0.00	0.00	0.01	0.01	
Orange County	1	5.88	0.77	0.00	17.19	0.00	45.08	100.00	36.96	0.00	0.00	0.00	0.00	0.00	0.00	
San Francisco County	0	0.00	3.53	0.00	20.95	0.00	54.69	0.00	20.83	0.00	0.00	0.00	0.00	0.00	0.00	
Santa Clara County	0	0.00	1.43	0.00	13.79	0.00	57.16	0.00	27.62	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Mortgage Data:

\*\* Home purchase loans originated and purchased in the AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			Geography: CALIFORNIA				Evaluation Period: OCTOBER 1, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
Los Angeles County	16	30.77	2.34	0.00	14.25	12.50	34.73	37.50	48.68	50.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Alameda County	1	1.92	5.72	0.00	14.17	0.00	47.82	100.00	32.28	0.00	0.00	0.00	0.00	0.00	0.00	
Orange County	31	59.62	0.77	0.00	17.19	6.45	45.08	32.26	36.96	61.29	0.00	0.00	0.00	0.00	0.00	
San Francisco County	1	1.92	3.53	0.00	20.95	0.00	54.69	100.00	20.83	0.00	0.00	0.00	0.00	0.00	0.00	
Santa Clara County	8	5.77	1.43	0.00	13.79	0.00	57.16	33.33	27.62	66.67	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Mortgage Data:

\*\* Home improvement loans originated and purchased in the AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE											Geography: CALIFORNIA					Evaluation Period: OCTOBER 1, 2000 TO DECEMBER 31, 2002				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*									
	#	% of Total**	% Owner Occ***	% BANK Loans	% Owner Occ***	% BANK Loans	% Owner Occ***	% BANK Loans	% Owner Occ***	% BANK Loans	Over all	Low	Mod	Mid	Upp					
<b>Full Review:</b>																				
Los Angeles County	52	53.06	2.34	0.00	14.25	17.31	34.73	21.15	48.68	61.54	0.01	0.00	0.02	0.01	0.01					
<b>Limited Review:</b>																				
<b>Alameda County</b>	12	12.24	5.72	0.00	14.17	8.33	47.82	8.33	32.28	83.33	0.01	0.00	0.01	0.00	0.02					
Orange County	24	24.49	0.77	0.00	17.19	4.17	45.08	16.67	36.96	79.17	0.01	0.00	0.00	0.01	0.01					
San Francisco County	2	2.04	3.53	0.00	20.95	0.00	54.69	100.00	20.83	0.00	0.00	0.00	0.00	0.01	0.00					
Santa Clara County	8	8.16	1.43	0.00	13.79	0.00	57.16	75.00	27.62	25.00	0.01	0.00	0.00	0.01	0.01					

\* Based on 2002 Peer Mortgage Data:

\*\* Home mortgage refinance loans originated and purchased in the AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY			Geography: CALIFORNIA				Evaluation Period: OCTOBER 1, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography				
Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
Los Angeles County	4	100.00	13.57	25.00	26.09	25.00	36.99	25.00	23.33	25.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Alameda County	0	0.00	16.56	0.00	31.58	0.00	44.14	0.00	7.63	0.00	0.00	0.00	0.00	0.00	0.00	
Orange County	0	0.00	5.59	0.00	38.16	0.00	41.33	0.00	14.92	0.00	0.00	0.00	0.00	0.00	0.00	
San Francisco County	0	0.00	29.73	0.00	27.26	0.00	26.54	0.00	16.47	0.00	0.00	0.00	0.00	0.00	0.00	
Santa Clara County	0	0.00	5.29	0.00	33.86	0.00	53.82	0.00	7.03	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Mortgage Data: 2

\*\* Multifamily loans originated and purchased in the AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: CALIFORNIA				Evaluation Period: OCTOBER 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	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp			
<b>Full Review:</b>																				
Los Angeles County	182	68.94	8.60	18.68	17.31	25.27	31.99	32.97	41.83	23.08	0.04	0.06	0.08	0.03	0.02					
<b>Limited Review:</b>																				
Alameda County	22	8.33	15.03	4.55	18.62	4.55	42.25	18.18	23.35	72.73	0.04	0.09	0.03	0.01	0.07					
Orange County	18	6.82	3.65	0.00	24.87	40.00	37.42	46.67	28.64	13.33	0.01	0.00	0.02	0.00	0.00					
San Francisco County	13	4.92	29.40	38.46	22.97	23.08	26.51	7.69	21.10	30.77	0.02	0.04	0.02	0.00	0.00					
Santa Clara County	29	10.98	6.10	17.24	22.46	3.45	50.02	62.07	21.17	17.24	0.03	0.11	0.01	0.03	0.01					

\* Based on 2002 Peer Small Business Data: PR and US.

\*\* 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 (2003).

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE			Geography: CALIFORNIA				Evaluation Period: OCTOBER 1, 2000 TO DECEMBER 31, 2002					Market Share <sup>*</sup>				
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>	% Families <sup>*</sup>	% BANK Loans <sup>****</sup>	% Families <sup>**</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Los Angeles County	13	76.47	22.82	0.00	16.85	0.00	19.70	16.67	40.63	83.33	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Alameda County	3	17.65	22.83	0.00	18.21	0.00	23.45	66.67	35.51	33.33	0.01	0.00	0.00	0.01	0.01	
Orange County	1	5.88	18.65	0.00	19.00	100.00	23.57	0.00	38.77	0.00	0.00	0.00	0.00	0.00	0.00	
San Francisco County	0	0.00	28.06	0.00	20.53	0.00	21.26	0.00	30.15	0.00	0.00	0.00	0.00	0.00	0.00	
Santa Clara County	0	0.00	18.71	0.00	18.69	0.00	23.99	0.00	38.61	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Mortgage Data.

\*\* As a percentage of loans with borrower income information available. No information was available for 5.88 percent of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: CALIFORNIA				Evaluation Period: OCTOBER 1, 2000 TO DECEMBER 31, 2002					Market Share				
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Over all	Low	Mod	Mid	Upp	
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****						
<b>Full Review:</b>																
Los Angeles County	16	30.77	22.82	12.50	16.85	6.25	19.70	40.63	68.75	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Alameda County	1	1.92	22.83	0.00	18.21	0.00	23.45	0.00	35.51	100.00	0.00	0.00	0.00	0.00	0.00	
Orange County	31	59.62	18.65	0.00	19.00	12.90	23.57	38.71	38.77	48.39	0.00	0.00	0.00	0.00	0.00	
San Francisco County	1	1.92	28.06	0.00	20.53	100.00	21.26	0.00	30.15	0.00	0.00	0.00	0.00	0.00	0.00	
Santa Clara County	3	5.77	18.71	0.00	18.69	33.33	23.99	33.33	38.61	33.33	0.00	0.00	0.00	0.00	0.00	

\*Based on 2002 Peer Mortgage Data.

\*\* As a percentage of loans with borrower income information available. All information was available for loans originated and purchased by the bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home improvement loans originated and purchased in the AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE												Geography: CALIFORNIA				Evaluation Period: OCTOBER 1, 2000 TO DECEMBER 31, 2002				
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share									
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp					
<b>Full Review:</b>																				
Los Angeles County	52	53.06	22.82	0.00	16.85	8.51	19.70	8.51	40.63	82.98	0.01	0.00	0.00	0.01	0.01					
<b>Limited Review:</b>																				
Alameda County	12	12.24	22.83	9.09	18.21	9.09	23.45	27.27	35.51	54.55	0.01	0.00	0.01	0.01	0.01					
Orange County	24	24.49	18.65	4.55	19.00	0.00	23.57	18.18	38.77	77.27	0.01	0.00	0.00	0.01	0.01					
San Francisco County	2	2.04	28.06	0.00	20.53	0.00	21.26	0.00	30.15	100.00	0.01	0.00	0.00	0.00	0.01					
Santa Clara County	8	8.16	18.71	0.00	18.69	37.50	23.99	25.00	38.61	37.50	0.01	0.00	0.01	0.01	0.01					

\* Based on 2002 Peer Mortgage Data.

\*\* As a percentage of loans with borrower income information available. No information was available for 8.16% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

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

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: CALIFORNIA		Evaluation Period: OCTOBER 1, 2000 TO DECEMBER 31, 2002		
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 County	182	68.94	65.69	46.15	36.81	24.73	38.46	0.04	0.08
<b>Limited Review:</b>									
Alameda County	22	8.33	69.30	13.64	9.09	27.27	63.64	0.04	0.05
Orange County	18	6.82	65.44	55.56	27.78	27.78	44.44	0.01	0.02
San Francisco County	13	4.92	67.14	15.38	38.46	30.77	30.77	0.02	0.01
Santa Clara County	29	10.98	65.97	31.03	10.34	20.69	68.97	0.03	0.05

\* Based on 2002 Peer Small Business Data.

\*\* 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&amp;B -2003)

\*\*\*\* 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 23.48% of small loans to businesses originated and purchased by the Bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: CALIFORNIA				Evaluation Period: JANUARY 9, 2001 TO NOVEMBER 17, 2003			
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 County	2	3,040	6	5,735	8	8,775	39.49	0	0
<b>Limited Review:</b>									
Alameda County	0	0	4	1,751	4	1,751	7.88	0	0
Orange County	0	0	4	3,601	4	3,601	16.21	0	0
San Francisco County	0	0	2	362	2	363	1.63	0	0
Santa Clara County	0	0	4	2,677	4	2,677	12.05	0	0
Broader Regional Area	2	1050	2	4,000	4	5,050	22.74	0	0

A Broader Regional Area is defined as a geography that benefits more than one of the bank's AA and other geographies.

\* '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**

DISTRIBUTION OF BRANCH OPENINGS/CLOSINGS				Geography: CALIFORNIA				Evaluation Period: January 9, 2001 TO DECEMBER 31, 2002.									
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of Bank Branches	% of Rated Area Branch in AA	Location of Branches by Income of Geographies (%)				# of Branch Opening	# of Branch Closing	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 County	77.31	7	46.67	14.29	28.57	42.86	14.29	0	1	0	0	0	-1	9.02	26.69	33.93	30.17
<b>Limited Review:</b>																	
Alameda County	3.66	2	13.33	50.00	0.00	0.00	50.00	1	0	+1	0	0	0	12.18	21.65	42.53	22.93
Orange County	6.41	2	13.33	0.00	0.00	50.00	50.00	0	0	0	0	0	0	3.61	26.73	42.01	27.64
San Francisco County	5.20	2	13.33	100.0	0.00	0.00	0.00	0	0	0	0	0	0	14.45	27.91	44.02	13.54
Santa Clara County	7.41	2	13.33	0.00	50.00	50.00	0.00	1	0	0	0	0	+1	3.91	21.23	54.69	20.18