



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**Public Disclosure**

**June 30, 2006**

**Community Reinvestment Act  
Performance Evaluation**

**Mellon 1<sup>st</sup> Business Bank, National Association  
Charter Number: 24400**

**601 West 5<sup>th</sup> Street  
Los Angeles, California 90071**

**Office of the Comptroller of the Currency**

**Large Bank Supervision  
250 E Street, S.W.  
Washington, D.C. 20219**

*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.*

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## Overall CRA Rating

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

The following table indicates the performance level of **Mellon 1<sup>st</sup> Business Bank, National Association (“MFBB”)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Mellon 1 <sup>st</sup> Business Bank, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			
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 this rating include:

- A good volume of small loans to businesses.
- The distribution of small loans to businesses by the income level of the geography is excellent.
- Strong community development lending activity had a significant positive impact on the overall Lending Test.
- Flexible lending activities had a neutral impact on the bank’s lending performance.
- The bank originated an excellent level of qualified community development investments.
- The bank’s delivery systems are reasonably accessible to geographies and individuals of different income levels.
- The bank provides an adequate 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.

**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 delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**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 metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division (MD):** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an

employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**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.

**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

Mellon 1<sup>st</sup> Business Bank (MFBB), headquartered in Los Angeles, California, is a wholly-owned subsidiary of Mellon Financial Corporation (MFC), a multi-bank holding company based in Pittsburgh, Pennsylvania. MFBB was acquired by MFC in February 1998. MFBB has 6 banking offices in southern California - four in Los Angeles County, one in Orange County, and one in San Bernardino County.

The majority of the bank's business is conducted in Los Angeles County, California. MFBB's strategic focus is serving the commercial banking needs of middle-market businesses, professional practices, and their owners and managers. Lending activities center upon commercial lending. Residential mortgage and consumer lending are not part of MFBB's core strategy and comprise only a very small part of MFBB's loan activity.

As of December 31, 2005, MFBB reported total assets of \$3.12 billion and total loans of \$913 million. The loan portfolio mix is 59 percent commercial real estate and construction, 33 percent commercial, 3 percent residential and multifamily real estate and 5 percent consumer lending and other loans. Tier I Capital is \$174.8 million.

MFC is a major financial services company with December 31, 2005 total assets approximating \$37 billion. Affiliate banking offices exist in the states of Pennsylvania, New Jersey, Maryland, Massachusetts, Florida and Delaware. MFC is a significant provider of domestic and international investment management, trust and custody services.

MFBB requested that the lending and investment activities of AFCO Credit Corporation (AFCO), Mellon Bank Community Development Corporation (MBCDC), Mellon Ventures, L.P. and Mellon Bank, N. A. be considered when evaluating the bank's performance. To be eligible, the affiliate activity cannot be claimed for CRA consideration by another MFC affiliate. AFCO provides insurance premium financing throughout the United States, including a large number of credits within MFBB's assessment areas. MBCDC is a MFC subsidiary that has provided CD investments in the assessment area. Mellon Ventures, L.P. provides venture capital investments under its Small Business Investment Company (SBIC) license and Mellon Bank, N.A. provides loans and investments. Qualifying activities of these entities have been considered in the performance evaluation and included in the CRA data shown in Appendix A.

There are no legal, financial or other factors impeding MFBB's ability to help meet the credit needs of the community it serves. MFBB's performance was rated "Satisfactory" at its last CRA evaluation conducted by the FDIC dated February 11, 2002. The bank converted to a national charter in 2003.



## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The Lending Test evaluated home mortgage loans and small loans to businesses for the period from January 1, 2003 through December 31, 2005. Community development loans were evaluated under the Lending Test for the period from January 1, 2003 through June 30, 2006. The Investment and Service Tests were evaluated for the period from January 1, 2003 through June 30, 2006.

### Data Integrity

Prior to conducting the CRA evaluation, the accuracy of the bank's data was tested. This included data made available to the public in accordance with HMDA and the CRA regulation. Public data includes home mortgage lending, small loans to businesses, and CD loans. The accuracy of non-public data for qualified investments and CD services was also reviewed. Several standby letters of credit were erroneously reported as CD loans. The data disclosed in the tables in Appendix C has been corrected for these errors and overall the data is considered reliable.

### Selection of Areas for Full-Scope Review

MFBB has three assessment areas, all located in southern California: Los Angeles-Long Beach-Glendale MD in Los Angeles County (Los Angeles MD), Santa Ana-Anaheim-Irvine MD in Orange County (Orange County MD) and portions of the Riverside and San Bernardino counties located in the Riverside-San Bernardino-Ontario MSA (Riverside MSA). The Los Angeles MD was selected for a full-scope review. The Los Angeles MD represents MFBB's largest market and contains the majority of the bank's deposits and reportable lending activity. Limited scope reviews were performed in the two remaining assessment areas. Refer to the table in Appendix A for additional information.

### Ratings

The bank's overall rating is based primarily on the performance of the Los Angeles MD. This reflects the overall size and significance of the bank's activity in the full-scope area compared to the limited scope assessment areas.

Under the Lending Test, the most performance weight was placed on small loans to businesses. This reflects the bank's strategic focus on commercial banking. Approximately 98 percent of the bank's CRA reportable loans made in the Los Angeles MD were small loans to businesses. Home mortgage lending was not meaningfully weighted into the lending performance analysis due to the very small number of home mortgages and the bank's focus on commercial lending. The Lending Test rating does not include a conclusion on the distribution of small business loans by income level of the borrower. For reasons explained elsewhere in this evaluation, a reliable conclusion could not be determined for this component. Small farm lending was also excluded from the overall conclusion as no small farm loans were made during this evaluation period.

## **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of illegal discrimination or other illegal credit practices inconsistent with helping to meet community credit needs.

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

The bank's performance under the lending test is rated "Outstanding". Based on a full-scope review, the bank's performance in the Los Angeles MD is excellent. As 98 percent of the bank's reportable loans are small loans to businesses, this product carried significant performance weight under the Lending Test. Strong community development lending performance had a positive impact on the bank's overall lending performance conclusion.

#### Lending Activity

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

Lending activity by MFBB demonstrates a good level of responsiveness to the credit needs of the Los Angeles MD. In 2004, the number of small loans to businesses made by the bank represented a market share of .58 percent, or 18th out of 265 reporting lenders. However, using the dollar amount of small business loans the bank's market share was 2.67 percent, or 8th among lenders. This compares favorably to the bank's June 30, 2005 deposit market share of 1.05 percent, which is 17<sup>th</sup> out of 133 deposit institutions. The Los Angeles market is competitive and includes a significant number of large interstate credit card lenders that do not take deposits. These lenders make a large number of loans, but typically for very small amounts. This accounts for the difference between the bank's market share of number of loans originated versus the dollar amount of loans originated.

Home mortgage lending activity and market share is negligible as it is primarily done on an exception basis to accommodate existing bank customers, or for investor real estate purposes. As home mortgage lending is not part of MFBB's business strategy, performance in this category received little weight and did not materially detract from the bank's overall performance.

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

##### *Home Mortgage Loans*

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. As previously noted, the bank does not focus on home mortgage lending and the volume of home mortgage loans was not meaningful for analysis purposes.

##### *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 is excellent. The percentage of small loans to businesses in low-income geographies exceeds the percentage of businesses in these geographies. The percentage of small loans to businesses in moderate-income geographies is near to the percentage of businesses in these geographies. The market share of small loans to businesses in both low- and moderate-income geographies exceeds the bank's overall market share.

## **Lending Gap Analysis**

A review of the geographic distribution of loans did not detect any conspicuous or unexplained gaps in lending patterns. Reports detailing location information of MFBB's small loans to businesses were reviewed as part of the geographic distribution analysis.

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

A substantial majority of the bank's loans are located within its three assessment areas. Ninety-four percent of small business lending took place inside the bank's assessment area. This performance was positively factored into the overall geographic distribution analysis. The inside/outside ratio is calculated using only loans made directly by the bank and does not reflect lending by affiliates.

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

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

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

As previously explained, mortgage lending is not part of MFBB lending focus and an analysis of borrower distribution of mortgage loans was not considered meaningful.

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

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

The percentage of MFBB's small loans to small businesses (those businesses with annual revenue of \$1 million or less) is significantly below the percentage of businesses in the MD that are defined as small businesses. However, revenue information for 75 percent of the bank's small loans to businesses is unknown. Without this information for a majority of the bank's small loans to businesses, a reliable conclusion could not be ascertained. Banks are not required to report revenue information if they do not collect it as part of their underwriting process. Revenue information is not collected, nor reported by MFBB, for any AFCO related loans. A large percentage (72%) of MFBB's small loans to businesses was originated for amounts of \$100,000 or less. This includes loans both with and without revenue information.

## Community Development Lending

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including any multifamily loans that also qualify as CD loans.

Community development lending performance is excellent and had a positive impact on the overall lending test rating. MFBB originated a high level of community development loans. The bank originated 105 CD loans totaling \$65.5 million. This represents over 37 percent of allocated Tier I capital. Community development lending is responsive to the credit needs of the Los Angeles MD, particularly economic development and community services. Affordable housing credit needs are addressed by MFBB primarily through the origination of CD loans to CDFIs that promote affordable housing projects throughout the State of California. The breakdown of the purpose of the CD loans is as follows: community services (50 percent); economic development (21 percent); affordable housing (10 percent); and revitalization and stabilization (19 percent).

MFBB provided extensive support for economic development projects located in economically depressed areas. Two loans, totaling \$3.7 million, went to help businesses located in the low- and moderate-income federal Empowerment Zone and the Eastside Enterprise Zone geographies expand and create new jobs for low- and moderate-income workers. Two other loans, totaling over \$4 million, went to support the acquisition and improvement of an industrial building located in the moderate-income tract in the Mid- Alameda Enterprise Zone. This expansion allowed the company to create new jobs at a moderate-income wage level. Also a loan of \$3 million was made to finance the renovation of three warehouses in a low-income tract that is part of the Central Los Angeles Enterprise Zone. The renovated property will be leased to small businesses.

MFBB provided a number of community development loans directed toward expanding and supporting services targeted to the lower-income population. Six loans totaling \$9.7 million went to expansion of a health clinic or to improve health services to families in the predominately low- and moderate-income areas of Central and South Los Angeles. Two additional loans for a total of \$6 million went to a collection of nonprofits providing special education services to children of low- and moderate-income families. CD loans for affordable housing included a \$1 million loan to a CDFI to fund the purchase, rehabilitation and resale of HUD-foreclosed properties.

In addition to community development lending within its assessment area, the bank made 21 CD loans totaling \$7.0 million outside of the bank's AAs. Two loans totaling \$4 million were made to a CDFI that promotes affordable housing projects throughout the State of California, including the bank's AAs. Another loan for \$2.5 million was made for a mixed-use commercial-residential project. The project includes a substantial affordable housing component that will benefit a broader area that includes the Los Angeles MD. Most of the remaining CD loans are affordable housing third-party loans made through lenders and consortia funded by MFBB. 18 CD loans totaling \$500 thousand were made at a broader area with no potential to benefit the AAs. The bank receives positive CRA consideration for these loans as it has adequately met the community development needs of its own assessment areas.

## **Product Innovation and Flexibility**

MFBB offered and/or participated in several flexible lending programs. This had a neutral impact on the lending test.

MFBB helped to create, and participates in, a loan syndication to a local CDFI to help affordable housing developers. The syndication offers flexible terms including low, fixed interest rates, extended terms, advances on a blind basis, and will also accept partial guaranties by the borrower. The syndication provides for a diversification of risk while providing affordable housing developers bridge financing loans and sources to cover the often difficult to finance acquisition and predevelopment costs.

MFBB provides a small real estate loan program to owners of small businesses and multi-family housing located in low- or moderate-income areas. The program offers real estate loans with no loan fees of up to \$750,000 through a simplified application process. Four loans were originated through this program during the evaluation period.

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

Based on limited-scope reviews, the bank's performance under the lending test in the Orange County MD and the Riverside MSA is not inconsistent with the bank's overall "Outstanding" performance under the lending test. Refer to Tables 1 through 15 in appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

Refer to Table 14 in 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". Based on full-scope review, the bank's performance in the Los Angeles MD is excellent.

The bank has originated an excellent level of qualified investments. Qualified investments exhibit a strong level of responsiveness to the credit needs of the area. In the Los Angeles MD the bank made 116 qualified investments totaling over \$12 million during the evaluation period. Investments have primarily been targeted to meet affordable housing needs. Current period investments include mortgage-backed securities (MBS), low-income housing tax credits (LIHTC), affordable housing bond funds and investments in certified community development financial institutions. Included in the current period's totals are grants to 86 organizations totaling over \$441,000. The grants and donations were targeted to nonprofit organizations in support of housing services, economic development, educational and social services to LMI individuals and families. In addition, another 16 qualified investments totaling over \$13 million remain outstanding from prior evaluation periods.

As MFBB has adequately addressed the CD needs of its assessment areas, positive consideration was also given for investments outside of the bank's assessment area that benefit a broader statewide or regional area. An investment totaling \$950,000 was made elsewhere in California that carries a benefit to the larger statewide area surrounding MFBB's assessment areas.

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

Based on limited-scope reviews, the bank's performance under the investment test in the Orange County MD and the Riverside MSA is not inconsistent with the bank's overall "Outstanding" performance under the investment test. Refer to Table 14 in appendix C for the facts and data that support these conclusions.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Los Angeles MD is adequate.

### **Retail Banking Services**

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

MFBB's delivery systems are reasonably accessible to geographies and individuals of different income levels throughout the full-scope assessment area. The distribution of MFBB branches in low- and moderate-income geographies is below the percentage of the population residing in such geographies. The bank has four branches in the Los Angeles MD with one of the branches located in a moderate-income geography.

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and low- and moderate-income businesses. The bank did not open or close any offices in the Los Angeles MD during the evaluation period. MFBB's office hours and services in the Los Angeles MD are comparable among locations regardless of the income level of the geography. The bank does not have automated teller machines (ATMs) but does offer debit cards, toll-free phone service, and online banking. No material significance was placed on these alternative delivery systems as data is not available to determine the impact to low- and moderate-income individuals and geographies.

### **Community Development Services**

MFBB's performance in providing CD services in the full-scope assessment area is adequate. Bank officers serve as board members and provide financial expertise to a variety of community development organizations. Their activities include credit evaluation, financial

literacy training and financial expertise in the areas of affordable housing and business development. Examples of some of the services provided are as follows:

- A bank officer served as chair of the local board of a national CDFI. The CDFI is engaged in lending and grants to non-profit organizations for affordable housing, community services, and technical assistance programs to build capacity. The bank officer's responsibilities included loan approval, fundraising, strategic planning and management oversight.
- A bank officer served in a leadership role to help structure and develop a loan syndication to a CDFI to provide funding for affordable housing developers. The syndication is designed to help affordable housing developers in the early development stages with acquisition and pre-development costs and bridge financing. The bank's loan service department provided agent services for the lending syndication which has 12 financial institution participants.
- Two officers served as board members for a community recreation center that serves low-income Hispanic communities. The officers provide financial oversight and expertise to the center.
- A bank director served as a board member and provided financial and management oversight to a community organization that serves the homeless in downtown Los Angeles.

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

Based on limited-scope reviews, the bank's performance under the Service Test in the Orange County MD and the Riverside MSA is not inconsistent with the bank's overall "Low Satisfactory" performance under the Service Test. Refer to Table 15 in appendix C for the facts and data that support these conclusions.



## 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): (01/01/2003 to 12/31/2005)	
	Investment & Service Tests and CD Loans: (01/01/2003 to 06/30/2006)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Mellon 1 <sup>st</sup> Business Bank, National Association (“MFBB”) Los Angeles, California	Small Loans to Businesses Residential Mortgage Loans (HMDA) Community Development Loans, Investments, & Services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
AFCO Credit Corporation (“AFCO”),	Mellon Bank, N.A. – Finance Company Subsidiary	Small Loans to Businesses
Mellon Bank Community Development Corporation (“MBCDC”),	MFC - Community Development Corp.	Investments
Mellon Ventures, L.P.	Mellon Bank, N.A. - SBIC	Investments
Mellon Bank, N. A.	Bank Affiliate	Loans & Investments
<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 MD	Full-Scope	
Orange County MD	Limited-Scope	
Riverside County MSA	Limited Scope	New assessment area during the examination period

## Appendix B: Market Profiles for Full-Scope Areas

### Los Angeles-Long Beach-Glendale MD 31084 (“Los Angeles MD”)

Demographic Information for Full-Scope Area: Los Angeles-Long Beach-Glendale MD						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,054	9%	28%	28%	34%	1%
Population by Geography	9,519,338	8%	29%	31%	32%	0%
Owner-Occupied Housing by Geography	1,499,694	1.91%	15.46%	31.30%	51.33%	0%
Businesses by Geography	684,643	8%	20%	26%	45%	1%
Farms by Geography	5,506	3%	14%	32%	51%	0%
Family Distribution by Income Level	2,154,311	23.87%	16.49%	17.40%	42.24%	0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	869,463	14%	41%	29%	16%	0%
Median Family Income HUD Adjusted Median Family Income for 2005 Households Below the Poverty Level	\$53,036 = \$54,450 = 15%	Median Housing Value (2000) Unemployment Rate		= \$240,248 = 4.6 %		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2000 U.S. Census, and 2005 HUD updated MFI. Also, Los Angeles economic data dated 12/31/2005.

The Los Angeles MD is the major market area for MFBB. Eighty-seven percent of the bank’s deposits and 70 percent of reportable lending activity are in the Los Angeles MD. The Los Angeles MD is a complex, highly diverse, urban area that includes 80 cities and a number of unincorporated areas. The Los Angeles MD is part of the greater Los Angeles area that incorporates the counties of Los Angeles, Orange, Riverside, San Bernardino and Ventura. Geographically, it spreads from the Pacific Ocean to the California/Arizona border and includes the San Bernardino Mountains and the Mojave Desert. This area is the largest and most rapidly growing metropolitan region in the fastest growing state in the country. The greater Los Angeles area is the second largest metropolitan area in the country with 17.5 million people. The City of Los Angeles has a population of 3.7 million. Since the 2000 census, the area has added over 1 million people.

Banking competition in the Los Angeles MD is strong. Three of the largest financial institutions in the Los Angeles MD hold approximately 38 percent of the areas insured deposits. MFBB’s strategic focus is serving the commercial banking needs of middle-market businesses. There are over 260 small business lenders within the area.

Small business owners are continually in need of capital. Although the banks have begun to provide loans for small businesses in lower amounts, most small businesses are unable to qualify for financing. Many of the small business owners are foreign born entrepreneurs with language issues and no credit history. They are often reluctant to utilize bank depository services, and even more reluctant to complete loan applications.

There is an ongoing need for affordable housing. Public resources have been reduced over the last few years. An example is the drastic reduction in affordable housing support previously provided by the Los Angeles Community Redevelopment Agency. The tax increment generated by the Bunker Hill and Downtown redevelopment areas has been virtually used up, forcing affordable housing developers to seek other funding sources. The lack of funding is extremely problematic when compared to the influx of low-income people including the homeless into the county. Los Angeles has one of the largest homeless populations in the country.

The adjusted median family income for the MD is \$54,450. The percentage of households living below the poverty level is 15%. It should be noted, however, that within the South Central Los Angeles neighborhood, the poverty level is 31%. The median housing value is \$560,990 (California Association of Realtors, November 2005). According to a local publication, the 2005 fair market rent on a two-bedroom apartment was \$1,021. A rent stabilization ordinance only permits a three-percent annual increase. Currently, 44,000 households participate in the Section 8 program. Another 94,000 people are on waiting lists for federally funded assistance, including Section 8.

There are significant opportunities in the MD to participate in community development activities. Nonprofit organizations are numerous and active, and local government promotes and assists a variety of community development and redevelopment activities. A community contact was conducted with a CDFI and identified the need for small loans to businesses. Government economic data and other recent community contacts were also used in determining community credit needs and developing performance context.

## Appendix C: Tables of Performance Data

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### 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: (1) 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; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. 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 in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column with the appropriate caption, such as: “Statewide/Regional,” “Statewide/Regional with potential benefit to one or more AAs” or “Out of Assessment Area.” “Out of Assessment Area” is used ONLY if the bank has otherwise adequately met the CD lending needs of its assessment area.
- Table 1. Other Products** - 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 INCLUDED)** 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 Home Mortgage 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 INCLUDED)** 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 (OPTIONAL- NOT INCLUDED )** - 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 in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column with the appropriate caption, such as: "Statewide/Regional," "Statewide/Regional with potential benefit to one or more AAs" or "Out of Assessment Area." "Out of the Assessment Area" is used ONLY if the bank has otherwise adequately met the qualified investment needs of its assessment area.
- 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 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: January 1, 2003 to December 31, 2005				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Los Angeles MD	70.36	6	10,740	5,545	703,426	0	0	105	65,560	5,656	779,726	87.98
<b>Limited Review:</b>												
Orange County MD	24.19	2	3,088	1,921	263,512	0	0	13	3,899	1,936	270,499	9.49
Riverside MSA	5.45	0	0	427	63,490	0	0	11	326	438	63,816	2.53
<b>Statewide/Regional</b>								3	6,500	3	6,500	
<b>Out of Assessment Area</b>								18	500	18	500	

\* Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is January 1, 2003 to June 30, 2006.

\*\*\* Deposit Data as of June 30, 2005. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE		Geography: California Evaluation Period: January 1, 2003 to December 31, 2005													
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Los Angeles MD	0	0	1.91	0	15.46	0	31.30	0	51.33	0	0	0	0	0	0
<b>Limited Review:</b>															
Orange County MD	2	100.00	1.25	0	19.56	0	33.56	0	45.63	100	<1	0	0	0	<1
Riverside MSA	0	0	1.19	0	20.76	0	41.61	0	36.44	0	0	0	0	0	0

\* Based on 2004 Peer Mortgage Data.

\*\* Home purchase loans originated and purchased in the MA/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 2000 Census information.



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

Geographic Distribution: HOME IMPROVEMENT															Geography: California					Evaluation Period: January 1, 2003 to December 31, 2005				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography													
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Los Angeles MD	2	100	1.91	0	15.46	0	31.30	0	51.33	100.00	<1	0	0	0	<1									
<b>Limited Review:</b>																								
Orange County MD	0	0	1.25	0	19.56	0	33.56	0	45.63	0	0	0	0	0	0									
Riverside MSA	0	0	1.19	0	20.76	0	41.61	0	36.44	0	0	0	0	0										

\* Based on 2004 Peer Mortgage Data.

\*\* Home improvement loans originated and purchased in the MA/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 2000 Census information.

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

Geographic Distribution: HOME MORTGAGE REFINANCE											Geography: California					Evaluation Period: January 1, 2003 to December 31, 2005				
MA/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 Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp					
<b>Full Review:</b>																				
Los Angeles MD	1	100	1.91	0	15.46	0	31.30	0	51.33	100.00	<1	0	0	0	<1					
<b>Limited Review:</b>																				
Orange County MD	0	0	1.25	0	19.56	0	33.56	0	45.63	0	0	0	0	0	0					
Riverside MSA	0	0	1.19	0	20.76	0	41.61	0	36.44	0	0	0	0	0	0					

\* Based on 2004 Peer Mortgage Data.

\*\* Home mortgage refinance loans originated and purchased in the MA/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 2000 Census information.

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

Geographic Distribution: MULTIFAMILY			Geography: California				Evaluation Period: January 1, 2003 to December 31, 2005					Market Share (%) by Geography				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Los Angeles MD	3	100	12.95	0.00	31.74	0.00	28.34	67.00	26.96	33.00	<1	0.00	0.00	<1	<1	
<b>Limited Review:</b>																
Orange MD	0	0.00	6.25	0.00	41.07	0.00	33.61	0.00	19.05	0.00	0.00	0.00	0.00	0.00	0.00	
Riverside MSA	0	0.00	7.09	0.00	37.86	0.00	37.42	0.00	17.61	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2004 Peer Mortgage Data: US Region.

\*\* Multifamily loans originated and purchased in the MA/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 2000 Census information.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES												Geography: California		Evaluation Period: January 1, 2003 to December 31, 2005				
MA/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 MD	5545	70.25	7.76	8.66	20.51	19.87	25.98	28.19	45.01	40.49	0.58	0.81	0.61	0.61	0.52			
<b>Limited Review:</b>																		
Orange County MD	1921	24.34	3.12	2.71	28.73	33.89	35.69	36.49	31.75	25.56	0.52	0.52	0.69	.053	0.41			
Riverside MSA	427	5.41	4.12	3.28	28.98	34.19	38.45	38.88	28.46	23.42	0.23	0.37	0.35	0.21	0.17			

\* Based on 2004 Peer Small Business Data: US.

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

\*\*\* Source Data - Dun and Bradstreet (2005).

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

Borrower Distribution: HOME PURCHASE		Geography: California				Evaluation Period: January 1, 2003 to December 31, 2005					Market Share*				
MA/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**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****					
<b>Full Review:</b>															
Los Angeles MD	0	0	23.87	0	16.49	0	17.40	0	42.24	0	0	0	0	0	0
<b>Limited Review:</b>															
Orange County MD	2	100	20.69	0	17.97	0	20.68	0	40.65	0	<1	0	0	0	0
Riverside MSA	0	0	20.81	0	17.47	0	20.19	0	41.53	0	0	0	0	0	0

\* Based on 2004 Peer Mortgage Data.

\*\* As a percentage of loans with borrower income information available. No information was available for 100% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/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: January 1, 2003 to December 31, 2005					Market Share				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers							
	#	% 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 MD	2	100	23.87	0	16.49	0	17.40	0	42.24	100.00	<1	0	0	0	<1	
<b>Limited Review:</b>																
Orange County MD	0	0	20.69	0	17.97	0	20.68	0	40.65	0	0	0	0	0	0	
Riverside MSA	0	0	20.81	0	17.47	0	20.19	0	41.53	0	0	0	0	0	0	

\* Based on 2004 Peer Mortgage Data.

\*\* As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by Bank.

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

\*\*\*\* Home improvement loans originated and purchased in the MA/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: January 1, 2003 to December 31, 2005				
MA/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 MD	1	100	23.87	0	16.49	0	17.40	0	42.24	100.00	<1	0	0	0	0			
<b>Limited Review:</b>																		
Orange County MD	0	0	20.69	0	17.97	0	20.68	0	40.65	0	0	0	0	0	0			
Riverside MSA	0	0	20.81	0	17.47	0	20.19	0	41.53	0	0	0	0	0	0			

\* Based on 2004 Peer Mortgage Data.

\*\* As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by Bank.

\*\*\* Percentage of Families is based on the 2000 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA/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: January 1, 2003 to December 31, 2005		
MA/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 MD	5545	70.25	62.83	2.85	71.96	11.76	16.28	0.58	0.03
<b>Limited Review:</b>									
Orange County MD	1921	24.34	64.00	1.25	68.51	13.17	18.32	0.52	0.02
Riverside MSA	427	5.41	66.38	1.41	67.45	11.71	20.84	0.23	0.02

\* Based on 2004 Peer Small Business Data: US.

\*\* Small loans to businesses originated and purchased in the MA/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 - 2005).

\*\*\*\* 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 75% of small loans to businesses originated and purchased by the Bank.**



Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: California				Evaluation Period: January 1, 2003 to June 30, 2006			
MA/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 MD	16	13,581	116	12,447	132	26,028	32	1	596
<b>Limited Review:</b>									
Orange County MD	14	19,787	29	17,434	43	37,221	46	0	0
Riverside MSA	4	10,079	7	5,303	11	15,382	19	0	0
<b>Statewide/Regional</b>	5	1,037	1	950	6	1,987	3	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**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: California Evaluation Period: January 1, 2003 to June 30, 2006																	
MA/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 MD	87.98	4	66.67	0	25.00	0	75.00	0	0	0	0	0	0	8.00	29.44	30.88	31.58
<b>Limited Review:</b>																	
Orange County MD	9.49	1	16.67	0	100	0	0	0	0	0	0	0	0	4.95	30.96	31.84	32.26
Riverside MSA	2.53	1	16.67	0	0	100	0	1	0	0	0	1	0	3.33	26.86	40.21	29.60