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# **Public Disclosure**

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## **Community Reinvestment Act Performance Evaluation**

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

**350 South Grand Avenue, 41<sup>st</sup> Floor  
Los Angeles, California 90071**

**Office of the Comptroller of the Currency  
Southern California North Field Office  
550 North Brand Boulevard, Suite 500  
Glendale, CA 91203  
<http://www.occ.treas.gov>**

**NOTE:** This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## General Information

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the CRA performance of **Far East National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **October 25, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. The United States Census Bureau has established BNAs in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten-year census and an average population of 4,000.

**Community Development (CD)** - Affordable 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.

**Full-Scope Review** - Performance under the Lending, Investment, and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**Geography** - A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA)** - The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

**Home Mortgage Loans** - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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

**Low-Income** - Income levels that are less than 50% of the median family income.

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

**Metropolitan Statistical Area (MSA)** - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Middle-Income** - Income levels that are at least 80% and less than 120% of the MFI.

**Moderate-Income** - Income levels that are at least 50% and less than 80% of the MFI.

**Small Business Loans** - Loans with original amounts of \$1 million or less that are (1) secured by nonfarm nonresidential properties or (2) commercial and industrial loans to U.S. addresses.

**Small Farm Loans** - Loans with original amounts of \$500,000 or less that are (1) secured by farmland or (2) to finance agricultural production and other loans to farmers.

**Tier 1 Capital** - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings, and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income** - Income levels that are 120% or more of the MFI.

## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Needs to Improve**.

The following table shows 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			
High Satisfactory			
Low Satisfactory		X	X
Needs to Improve	X		
Substantial Noncompliance			

(\*) Note: 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:

- An overall inadequate lending volume, including assessment areas outside of the Los Angeles MSA.
- An adequate volume of investments, grants, and donations that meet a variety of needs, primarily in the Los Angeles assessment area, but no direct investments in other assessment areas.
- Delivery systems distribute an adequate level of banking and community development services to the assessment areas.

## Description of Far East National Bank

Far East National Bank (“FENB” or the “*bank*”) is a community bank headquartered in Los Angeles, California. It opened for business in December 1974 to primarily serve the Chinese-Asian communities. SinoPac Bancorp, a California Holding Company that was incorporated for the sole purpose of acquiring the bank, purchased FENB in August 1997. SinoPac Bancorp is a wholly owned subsidiary of Bank SinoPac of Taiwan, a \$6 billion financial institution.

As of the bank’s September 30, 1999 Consolidated Report of Condition and Income, it reported total assets of \$836 million and net income of \$2.8 million, which yielded a 0.49% return on average assets. Gross loans, at \$518 million, represent 62% of total assets. Non-farm non-residential real estate loans comprise the largest segment of the loan portfolio at 42.2% of average gross loans. Multi-family real estate loans and commercial loans represent 22.6% and 19.3% of average gross loans, respectively. Net Tier 1 Capital totals \$73 million, which excludes approximately \$37 million in intangible assets such as acquisition costs and goodwill. The net Tier 1 Capital represents 12.7% of the bank’s risk-weighted assets.

The bank is the sole common stockholder of Far East Capital Corporation (FECC), a small business investment corporation (SBIC) subsidiary. At December 31, 1998, FECC had assets of \$1.8 million, which were mostly in the form of cash and cash equivalents. The United States Small Business Administration (SBA) holds some of FECC’s nonvoting preferred stock. FECC was essentially dormant during the evaluation period and was not profitable in 1998. For the year ended December 31, 1998, FECC reported a net loss of \$15,000.

Bank management defined four separate assessment areas within the State of California that we used to evaluate its CRA performance. These assessment areas are the political subdivisions of Los Angeles County, Orange County, San Francisco County, and Santa Clara County. However, we based our conclusions on the following four MSAs, which also include the counties: Los Angeles MSA, Orange County MSA, San Francisco MSA, and San Jose MSA. The bank’s assessment areas encompass the most highly populated southern and central portions of the state. FENB serves its assessment areas with 13 full-service branches and 8 automated teller machines (ATMs). The assessment area delineation meets the requirements of the regulation and does not arbitrarily exclude low- or moderate- income geographies. In addition to FENB locations in the assessment areas, the bank has a Representative Office in Beijing, China.

FENB does business in a highly competitive banking environment. In most of FENB’s assessment areas, numerous financial institutions also focus on serving the Chinese-Asian community. This intense competition has affected new business opportunities and increased pricing and underwriting pressures. The bank targets small-to medium-sized businesses in its four assessment areas and offers a wide range of commercial lending products as well as consumer loans, mortgage loans, and credit cards.

At the bank’s last CRA examination, dated July 17, 1997, it received a "Satisfactory" rating. Currently, the bank has no legal, financial, or other factors impeding its ability to help meet the credit needs in its assessment area.

## Scope of Evaluation

### Evaluation Period and Products Evaluated

This Performance Evaluation presents information on FENB's residential mortgage and small business loan originations from January 1, 1997, through June 30, 1999. We evaluated the bank's community development loan performance since the previous examination (July 17, 1997). Unless otherwise stated, references to loans mean exclusively these three types of loans. In addition to these loan products, we reviewed FENB's retail banking services and community development investments and services from the previous examination through October 25, 1999.

### Data Integrity

We reviewed a sample of loans that are subject to the Home Mortgage Disclosure Act (HMDA), small business loans that are subject to the CRA reporting requirements, and community development investments to determine the integrity of the data to be used in our analysis. We found that FENB included some loans in its 1997 and 1998 small business loan reports that did not qualify. Also, there were errors in census tract designations and revenue numbers. Our conclusions led FENB to review its HMDA and small business loans and to make adjustments before this evaluation to ensure that the reported data was substantially correct. While we were able to use the corrected information for most of our analysis, the market share and market rank numbers in Tables 2 and 10 in Appendix D are overstated. While the errors in the market share and market rank numbers for small business loans made in the Los Angeles assessment area are not significant, the same types of errors for the limited-scope assessment areas are.

We reviewed community development loans and services during the examination and after adjustments determined that the information was substantially correct and sufficient to assess the bank's performance during the evaluation period.

### Selection of Areas for Full Scope Review

We performed a full-scope review of the Los Angeles MSA 4480. This MSA is representative of the bank's overall CRA performance because it is where the bank has its strongest presence. FENB has nearly 75% of its loans and more than 73% of its deposits in the Los Angeles MSA 4480. The Los Angeles assessment area is the largest geographically of the four assessment areas. Additionally, it is the most highly populated of the assessment areas and contains nearly two-thirds of the total population of the combined assessment areas. The Housing and Urban Development Agency reported Los Angeles County has the lowest updated median family income of the four counties designated as assessment areas. Moreover, according to the 1990 census, the United States Census Bureau reported that the Los Angeles assessment area had the highest percentage of households below poverty level of the four assessment areas. We performed limited scope reviews of the Orange County, San Francisco County, and Santa Clara County assessment areas.

## Ratings

In arriving at FENB's overall record of performance, we assessed activities under the Lending, Investment, and Service Tests in the Los Angeles MSA. The rating method is structured such that the Lending Test weighs most heavily of the three tests in the final determination. In addition, community contacts identified small business lending as one of the primary credit needs in this area. Because of the reasons enumerated in the *Selection of Areas for Full-Scope Review* section above, we gave the most weight in our ratings to the bank's performance in the Los Angeles assessment area.

## Assessment Area Needs

As part of our review, we considered information obtained from community contacts. We reviewed recent interviews with representatives from nine organizations whose focus is on economic development and small business lending. We also reviewed recent interviews with organizations involved in affordable housing and redevelopment and revitalization of economically depressed areas in the assessment areas. The various individuals and organizations identified the following needs:

### *Lending*

- Start-up business loans and fixed-rate small business term loans that are less than \$50,000.
- Loan pool money for loans ranging from \$5,000 to \$50,000 for the "near bankable" small business.
- Short-term credit lines.

### *Investments*

- Cash or in-kind contributions.
- Equity participation in the local community development corporations.
- Funding or donations for a "land bank", which will provide properties for future habitat homes.

### *Services*

- Opportunities to participate on the board of directors and lending committees of local community development corporations.
- Volunteers for construction of habitat homes or other building related tasks.

## Fair Lending Review

Before our CRA examination, we performed a fair lending examination of the bank. We reviewed a sample of 22 loans from various consumer loan products, including credit cards, home purchase, home equity, commercial, and consumer purpose loans. We reviewed the loan files to determine if the bank used prohibited basis information in the lending decision. In addition, we reviewed the loan policy to determine if any underwriting standards had the effect of disparate treatment.

Based on the findings of this review:

- We did not find any noncompliance with fair lending laws and regulations.
- We found no “reason to believe” that disparate treatment is being applied on a prohibited basis in FENB’s underwriting of consumer loans. We did not cite any violations of fair lending laws and regulations.
- FENB has a satisfactory process in place to help ensure ongoing compliance with fair lending laws and regulations.

## Conclusions with Respect to Performance Tests

### LENDING TEST

FENB demonstrated poor performance under the Lending Test in its Los Angeles assessment area, which received a full-scope review. Performance dropped significantly in the limited-scope assessment areas, which is attributed to very low loan volumes in those areas. Therefore, overall performance under the Lending Test is poor.

### Conclusions for Area Receiving Full-Scope Review

Lending Test performance is rated “Needs to Improve.” This is based on:

- A poor volume of small business loans which overshadows any positive achievements in loan distribution.
- An adequate distribution of loans to small businesses.
- Adequate utilization of flexible lending practices to meet the credit needs in the assessment area.
- An adequate volume of community development loans that are targeted towards important needs in the Los Angeles assessment area.
- Poor lending volumes in assessment areas outside of the Los Angeles MSA.

### Lending Activity

*Refer to Table 1 in Appendix D for the data used in this analysis.*

FENB generated a poor volume of reportable lending activity in this evaluation period. Our evaluation of the bank’s lending activity focused on its small business lending because this is the bank’s primary product. Under new bank ownership, evolving corporate strategy is placing more emphasis on HMDA lending activity. The bank has not yet developed a significant market presence with these product lines, so HMDA loans do not have a material effect on this evaluation. A moderate volume of community development loans enhances FENB’s lending performance, but is not sufficient to improve the bank’s rating under the Lending Test.

During the evaluation period in the Los Angeles assessment area, FENB originated 148 small business, home mortgage, and community development loans that are reportable for CRA purposes totaling \$35.9 million. Focusing on this assessment area, the bank’s most important market, a comparison of FENB’s loan market share to its deposit market share illustrates the low volume of reportable lending. After making adjustments for reporting errors in 1998, FENB’s lending of small business loans by number ranked 68 out of the 238 reporting lenders in the assessment area. This is significantly below FENB’s rank of 50 for deposits by dollar volume in

Los Angeles County as of June 30, 1998. The bank's adjusted market share by number of small business loans was 0.03% in 1998. This was significantly below the bank's market share for deposits of 0.24%. FENB's average loan size is quite large, meaning that a more equitable market share comparison could be achieved by using its dollar volume of small business loans. Its average size for small business loans is \$251,000 compared with \$48,000 for other lenders. Even so, its adjusted market share by dollar volume of small business loans of 0.16% is significantly below its market share of deposits.

The bank's average loan-to-deposit ratio was 79% for the last four quarters, ending June 30, 1999. That was a comparatively high percentage for banks in Los Angeles County with total assets between \$400 million and \$1 billion. This indicates that FENB has a significant dollar volume of loans outstanding, but relatively few were reportable for CRA purposes.

The bank made a majority of its CRA reportable loans to borrowers within its assessment areas. More than 98% of the small business loans and 100% of the CD loans were to borrowers in the bank's four assessment areas.

### **Small Business Loans**

Since small business lending is an identified need in this assessment area, the bank's poor performance in this product line carries significant weight. In this assessment area, four large financial service providers dominate small business loan activity by numbers of loans made. FENB is not in that group of providers. Together, the four dominant lenders held almost 64% of the market share in 1998. Performance expectations for the bank's small business lending activity should be framed in this context. Nevertheless, the low volume of loans overshadows the positive aspects of the bank's small business lending activity as described below.

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

*Refer to Table 5 in Appendix D for the facts and data used to evaluate the distribution of loans by income level of the geography.*

The geographic distribution of small business loans is excellent. The bank's success in generating a pattern of loan activity that exceeds the demographic distribution of businesses in both low- and moderate-income geographies supports this conclusion. The percentage of small business loans that the bank made to borrowers in low-income geographies is almost twice the size of the percentage of businesses located in those geographies.

In addition, in moderate-income geographies, the percentage of the bank's loans made to businesses significantly exceeds the percentage of businesses located in those geographies. For example, low-income census tracts contained 9% of the small businesses while receiving 17% of the small business loans. Similarly, the moderate-income census tracts contained 19% of the small businesses and 32% of the loans. The bank was successful in distributing small business loan products to the economically disadvantaged geographies most in need of the stabilizing and revitalizing effects of small business lending. However, a low volume of loans indicates that the amount of benefit provided to those geographies was not commensurate with the bank's size and capacity.

Market share analysis further supports the conclusion of good geographic distribution. Data integrity problems affect the accuracy of FENB's 1998 market share numbers, making them somewhat higher than they should be. Yet, we found no evidence of asymmetry in the bank's reporting of errors. Therefore, the relationships between overall market share and market share by income level of geography should not be affected. Keeping that in mind, FENB's market share of small business loans to borrowers in both low- and moderate-income geographies is higher than its overall market share of small business loans in the entire assessment area.

An analysis of the bank's small business lending activity for conspicuous gaps is difficult when comparing the 105 loans made by the bank to the 1,652 census tracts in the assessment area. However, we did not identify any pattern of lending that excluded low- and moderate-income segments of the delineated community.

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

*Refer to Table 10 in Appendix D for the facts and data used to evaluate the distribution of loans by income level of the borrower.*

The distribution of small business loans by income level of the borrower demonstrates an adequate level of responsiveness to the credit needs of small businesses. The bank's percentage of small business loans made to businesses with revenues of \$1 million or less is 43% and is below the aggregate percentage of 47% for all other reporting lenders in the assessment area. In addition, the bank's lending activity for small businesses fell well below the percentage of small businesses in the assessment area, which accounted for about 75%. Since FENB is one of many relatively small lenders in a market dominated by four large financial service providers, failure to substantially meet the demographics is not given much weight. However, by performing below the aggregate percentage attained by all other reporting lenders, FENB demonstrated only an adequate focus on lending to small businesses.

The bank's market share of small business loans to firms with revenues of \$1 million or less is slightly higher than its overall market share for all small business loans. This is another indication that the bank did not expend a significant amount of effort towards satisfying the credit needs of small businesses, a segment where community groups suggest the greatest need exist.

Only one-third of the bank's small business loans were in amounts of \$100,000 or less. While loan size is an indicator of a bank's success in lending to businesses of different sizes, the bank has a very low percentage of loans in the smallest loan size category.

## Community Development Lending

FENB and its affiliate made an adequate volume of community development loans during this evaluation period. The bank made three community development loans totaling \$1.3 million, which represent 1.8% of Tier 1 Capital. This is not a high enough volume to raise the bank's overall Lending Test rating.

These community development loans help meet important credit needs in the bank's assessment areas. By supplying credit to small businesses, directly or through intermediaries, these loans help create or retain jobs and stabilize or revitalize poor neighborhoods.

Two loans were made to nonprofit Community Development Corporations (CDCs), which are primarily engaged in making loans to, or investments in, small businesses. One of the loans is FENB's commitment to a loan pool that extends credit throughout the State of California. However, there was insufficient information to determine how much benefit accrued to each of the bank's four assessment areas, so we attributed the total amount of the loan to the Los Angeles assessment area. The other loan was part of a complex financing package in which FENB and a CDC were co-lenders, and an outside principal was the equity investor. The credit facility funded acquisition and renovation of a deteriorated commercial building located in the East Los Angeles Enterprise Zone. This renovation enabled an existing business to continue operation in the facility while helping to retain 50 jobs. Moreover, unoccupied space in the building will be upgraded with the potential to attract a new business to the location, thereby creating new jobs.

Far East Capital Corporation made the third community development loan. This loan was not reported on the bank's small business loan register. The loan funded the acquisition and renovation costs of a motel in an economically distressed area of Los Angeles, which helped to support permanent job creation.

## Product Innovation and Flexibility

FENB is making an adequate effort to provide flexible lending products to customers. The bank offers a standard menu of consumer and mortgage loan products, and it offers a wide array of commercial loan products, including import/export financing and United States Small Business Administration (SBA) loans. While the bank did not have any special loan programs that we considered as flexible or innovative, FENB has traditionally been an active participant in all SBA loan programs. These loan programs are typically designed to meet the credit needs of borrowers who otherwise could not get credit. During the evaluation period, a change occurred in management of the department that caused it to lose momentum for a while. However, the bank did make 11 loans totaling \$3.36 million during this period. The bank reported these as small business loans and they are included in the Standardized Tables in Appendix D.

## Conclusion for Areas Receiving Limited-Scope Reviews

Lending performance in the limited-scope areas is not consistent with the bank's performance in the Los Angeles assessment area. The volumes of CRA reportable loans in the limited-scope areas were very low. This is understandable for the San Jose MSA assessment area due to its recent addition to the bank's service area. However, in 1998 in the San Francisco MSA and Orange County MSA, the bank's market rank and market share by dollar volume of small business loans are significantly below its market rank and market share of deposits. This indicates that the bank's lending activities in the San Francisco MSA and Orange County MSA are not commensurate with the bank's size and capacity in those respective markets. In addition, the loan volumes are too low to perform any meaningful distribution analysis. This detracts significantly from the bank's overall performance under the Lending Test.

## INVESTMENT TEST

The bank's performance under the Investment Test is rated "Low Satisfactory." FENB has adequately responded to the credit and community development needs of its assessment areas through qualified investments. The overall volume of investments is adequate due to investments in organizations that have statewide impact.

### Conclusions for Area Receiving Full-Scope Review

Based on the full-scope review, the bank's investment performance in the Los Angeles MSA assessment area is adequate. This is based on:

- The volume of investments in relation to the bank's capitalization is adequate.
- Investments are responsive to the credit needs of the community.
- None of the investments is complex or innovative.

### Dollar Amount of Qualified Investments

*Refer to Table 12 in Appendix D for the facts and data used to evaluate the bank's level of qualified investments.*

FENB's overall volume of investment is adequate based on the volume in the Los Angeles MSA assessment area. In evaluating the volume of investments, we allocated the bank's Tier 1 Capital among assessment areas based on the distribution of deposits in the State of California. In the Los Angeles assessment area, the dollar volume of qualified investments is adequate at \$1.3 million, which represents 2.5% of the allocated Tier 1 Capital. Investments that benefit a broader statewide area were allocated based on the respective assessment area's share of bank deposits. For example, since the Los Angeles MSA assessment area accounted for 73.2% of the bank's deposits, it received CRA credit for a similar percentage of any statewide investments. The vast majority of the investments are recent, in which the bank made during the last four months of the evaluation period. Only investments of \$90,000 are from prior periods. Given the bank's asset size and capital base, it has the financial capacity to make additional investments in its assessment areas. The Los Angeles MSA assessment area has numerous opportunities available for community development investment.

### Responsiveness to Credit and Community Development Needs

FENB's investments are responsive to the pressing needs of affordable housing and small business financing in the Los Angeles MSA assessment area. In the Los Angeles assessment MSA area, 57% of investments are for the creation, retention, or support of affordable housing. The bank directs 43% of the investments toward economic development in low- and moderate-income areas.

The bank has 5 qualified investments plus approximately \$2,000 in donations to nonprofit organizations that provide community development services to low- and moderate-income individuals. Each of the following investments benefits the Los Angeles MSA assessment area:

- California Corporate Tax Credit Fund (CCTCF) is the largest and most recent investment. The bank's investment is \$1 million. CCTCF is an affordable housing tax credit fund (the "*Fund*"). Fund shares are sold in the secondary market. The Fund invests in affordable housing throughout California helping to provide a source of quality housing to low- and moderate-income families and individuals through a federally supported program.
- Far East Capital Corporation, an SBA Certified Lender, made two investments in small businesses totaling \$484,700. The small businesses are located in an economically distressed area of Los Angeles. Loans to or investments in SBICs are presumed to promote economic development.
- The bank made two prior period investments, a \$50,000 investment made in the California Economic Development Lending Initiative (CEDLI) and a \$40,000 investment in the Southern California Business Development Corporation (SCBDC). The CEDLI is a statewide community development corporation that makes loans and investments to small businesses, nonprofit lenders, and community real estate projects. It targets minority and women-owned small businesses as well as those located in low-income communities. The SCBDC is a for profit multi-bank consortium to provide equity-like loans to small businesses in Los Angeles with growth opportunities. Loans range from \$25,000 to \$250,000.

## Innovation and Complexity

None of the bank's investments has been complex or innovative. Private investors routinely provide similar investments.

## Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance in the Orange County MSA, San Francisco MSA, and San Jose MSA assessment areas is consistent with the bank's overall adequate performance. The bank's level of investments is slightly lower outside of the Los Angeles MSA assessment area. However, it did not change the overall rating. As noted above, the largest investment actually benefits most of the State of California. However, there was insufficient information to divide the amount between the bank's four assessment areas, so we attributed the entire amount to the Los Angeles MSA assessment area. The bank has been more heavily focused on the Los Angeles MSA assessment area as the bank receives almost three-quarters of its deposits in Los Angeles County.

## SERVICE TEST

The bank's performance under the Service Test is rated "Low Satisfactory."

## Conclusions for Area Receiving Full-Scope Review

Based on a full-scope review, the bank's performance in the Los Angeles MSA is adequate. This is based on:

- The bank's service delivery systems are reasonably accessible to geographies and individuals of different income levels in its assessment area.
- Branch openings did not adversely affect the accessibility of the bank's delivery systems, particularly in low- and moderate-income geographies and to low- and moderate-income individuals.
- FENB provides an adequate level of community development services.

## Retail Banking Services

*Refer to Table 13 in Appendix D for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.*

The quantity, quality, and locations of the bank's service delivery systems allow for ready access to bank products and services by geographies and individuals of varying income levels in the bank's assessment areas. In the Los Angeles assessment area, the bank has a good distribution of branches and ATMs in low- and moderate-income geographies when compared with the percentages of the population located in the same geographies. The bank's emphasis is on business lending and many businesses are typically located in these geographies. FENB has one branch in a low-income census tract, two in moderate-income census tracts, three in middle-income census tracts, and one in an upper-income census tract. A wide array of products and services are available through its branch locations and ATM network.

Since the previous evaluation in June 1997, FENB opened one new branch office in the Los Angeles assessment area. The bank opened this branch in March 1999 in an upper-income geography of Beverly Hills.

The bank provides alternative systems for the delivery of retail banking services. These include ATMs, bank by mail, 24-hour telephone, bank by computer, and Internet banking. The Internet bank accounts allow a customer to view transaction activity on-line. The bank has ATMs at several branches and has access to 100,000 ATMs through its agreements with six national ATM networks. The bank has Chinese and Spanish language translators available at several locations, particularly in areas having high ethnic populations.

The bank offers a variety of lending, cash management, and deposit services. The bank emphasizes business lending, including SBA loans. It also offers residential mortgage loans, commercial mortgage loans, construction

loans, and several consumer loan products. Additionally, FENB has products and services for international banking needs.

The bank offers a variety of deposit accounts. This includes checking, NOW, money market, savings, time certificates of deposit, and IRA accounts. Services and products are standard and available at all branch locations.

## Community Development Services

FENB provides an adequate level of community development services, which are responsive to the community development needs of the assessment area, particularly to the needs of small business and low- to moderate-income individuals. Most noteworthy are the efforts of the bank's President in establishing funding and assisting in the organization of Genesis LA. Following are the community development services that the bank provided in the Los Angeles MSA assessment area during the evaluation period:

- **California Economic Development Initiative** makes loans, both direct and with co-lending commercial banks, throughout California. CEDLI's charter is to provide funding to businesses in order to promote job creation and retention. A senior bank officer serves as an advisor, who attends regular meetings and provides financial analysis of applicants' ability to repay and loan structuring advice.
- **Chinatown Service Center** provides training to prepare immigrants, who are primarily low-income, to enter the American job market. A bank officer consults with the organization, assists in training, and provides job placement services for the immigrants.
- **Genesis LA Economic Growth Corporation (Genesis LA)** is an economic development initiative aimed at developing underutilized and blighted industrial and retail sites located in disadvantaged communities within the City of Los Angeles. In addition to the bank's President serving on the Board of Directors of Genesis LA as treasurer, he routinely provides advice and guidance to the organization. Genesis LA's operations will include two investment funds, one that will invest in real estate in these areas and a fund to invest in growing companies in the targeted area. FENB's Board of Directors has approved a \$3 million investment in the real estate fund. Management expects the bank will fund the commitment in April 2000.
- **LA Community Development Corporation** provides financing to small businesses that help to revitalize low- and moderate-income areas. A bank officer is working on providing loans to the organization. The bank also helps place loans made by the organization with other financial institutions.
- **LA LDC** promotes economic development. The bank is working with the LA LDC to set up financing for commercial real estate projects in low-income areas. The Board of Directors has already approved a \$650,000 loan to a borrower under this program.
- **Pacific Coast Regional Small Business Development** makes SBA loans. Two bank officers provide loan-structuring advice.

- **Telacu** provides community services to low- and moderate-income individuals and families. Also, it works with the federal and state governments to provide subsidized housing to low- and moderate-income families. Two bank officers give guidance on loan structuring.

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

Based on limited-scope reviews, the bank's performance in the Orange County MSA, San Francisco MSA, and San Jose MSA assessment areas is consistent with the bank's overall adequate performance. The bank's level of services is lower outside of the Los Angeles MSA assessment area. However, it did not change the overall assessment rating. The bank has been more heavily focused on the Los Angeles MSA assessment area as the bank receives almost three-quarters of its deposits in Los Angeles County.

## Appendix A: Scope of Examination

The following table identifies the period covered in this evaluation, any affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received a comprehensive examination review (“Full-Scope”) and those that received a less comprehensive review (“Limited-Scope”).

<b>Time Period Reviewed</b>	Lending Test: 7/17/97 to 6/30/99	
	Investment Test: 1/24/97 to 10/25/99	
	Service Test: 1/24/97 to 10/25/99	
<b>Financial institution</b>	<b>Products reviewed</b>	
Far East National Bank Los Angeles, California	Small Business and Residential Loans, Investments	
<b>Affiliates</b>	<b>Affiliate relationship</b>	<b>Products reviewed</b>
Far East Capital Corporation	Subsidiary	Community Development Loans
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
California Los Angeles MSA 4480 Orange County MSA 5945 San Francisco MSA 7360 San Jose MSA 7400	Full-Scope Limited-Scope Limited-Scope Limited-Scope	

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

### Market Profiles for Full-Scope Areas

#### Los Angeles MSA 4480

DEMOGRAPHIC INFORMATION FOR FULL-SCOPE AREA: LOS ANGELES MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	1,652	9.0	23.0	33.0	34.0	1.0
Population by Geography	8,863,164	9.0	27.0	34.0	30.0	0.0
Owner-Occupied Housing by Geography	1,440,864	2.0	14.0	35.0	49.0	0.0
Businesses by Geography	350,001	9.0	19.0	33.0	38.0	0.0
Farms by Geography	2,748	3.0	14.0	43.0	0.0	40.0
Family Distribution by Income Level	2,036,104	8.0	24.0	34.0	34.0	0.0
Distribution of Low- and Moderate-Income families throughout AA Geographies	807,668	15.0	38.0	32.0	15.0	0.0
Median Family Income \$39,035	=	Median Housing Value = \$223,825				
HUD Adjusted Median Family Income for 1999	= \$51,300	Unemployment Rate (1998) = 4.94%				
Households Below the Poverty Level	=					
11.87%						

FENB has its main office and strongest presence in the Los Angeles MSA assessment area. This assessment area provides FENB with nearly 75% of its loans and more than 73% of its deposits. The Los Angeles MSA is a complex, highly diverse urban area that includes 80 cities and a number of unincorporated areas. FENB has eight branches in the Los Angeles MSA. Of the eight branches, six have ATMs. Los Angeles is the largest and most rapidly growing metropolitan region in the fastest growing state in the country. Contained within this MSA is the city of Los Angeles, which is the largest city in Southern California with an estimated population of 3.6 million as of January 1994.

Competition is strong with 224 institutions in Los Angeles County competing for customer deposits. As of June 30, 1998, FENB has 0.24% market share of the FDIC-insured deposits available in the county. Major banking institutions include Bank of America, Home Savings of America, Washington Mutual Bank, Wells Fargo Bank, and Union Bank of California. FENB considers its major competitors to be the major institutions, community banks, and minority banks that serve the Asian communities. Principal minority institutions include Cathay Bank, General Bank, East West Bank, EverTrust Bank, and Omni 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 government decisions caused huge reductions in aerospace and defense manufacturing jobs. Other states lured away business with tax concessions and more favorable business environments. The civil disturbances in 1992 further aggravated the business and community problems. Despite federal and state assistance, many of the businesses destroyed during the disturbances have not reopened. Consequently, jobs were lost. This created further economic dislocations. The Los Angeles MSA economy has now rebounded. The unemployment rate has continued to decline. The Bureau of Labor and Statistics for 1998 reported a 6.6% unemployment rate.

The Los Angeles MSA's largest industries in order of importance are services, retail trade, wholesale trade, finance and real estate, manufacturing and construction. In response to concessions from other states, the motion picture industry has moved a great deal of its production activity out of Los Angeles. However, there are still many business opportunities within the MSA. According to recent Dun and Bradstreet statistics, 75% of the businesses and farms located within the MSA have annual revenues of less than \$1 million.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

The tables cover the entire CRA evaluation period. 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; market rank is based on the number of loans made by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated by the bank as a percentage of the aggregate number of reportable loans originated by all lenders in the MSA/assessment area. The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated 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 rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of HMDA Home Improvement Loan Originations** - See Table 2.
- Table 4. Geographic Distribution of HMDA Refinance Loan Originations** - See Table 2.
- Table 5. Geographic Distribution of Small Business Loan Originations** - The percentage distribution of the number of small loans (< \$1 million) to businesses originated 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 rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Farm Loan Originations** - The percentage distribution of the number of small loans (< \$500,000) to farms originated 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 rank and market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level

in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 8. Borrower Distribution of HMDA Home Improvement Loan Originations** - See Table 7.
- Table 9. Borrower Distribution of HMDA Refinance Loan Originations** - See Table 7.
- Table 10. Borrower Distribution of Small Business Loan Originations** - Compares the percentage distribution of the number of small loans (< \$1 million) originated 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. The table also presents the percentage distribution of the number of loans originated 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 11. Borrower Distribution of Small Farm Loan Originations** - Compares the percentage distribution of the number of small loans (< \$500,000) originated 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. The table also presents the percentage distribution of the number of loans originated 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 12. Qualified Investments** - Presents the number and dollar amount of qualified Investments made by the bank in each MSA/assessment area.
- Table 13. Distribution of Branch and ATM Delivery System** - Compares the percentage distribution of the number of the bank's retail branches and ATMs in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography.

## Appendix D: Standardized Tables

**Table 1. Lending Volume**

LENDING VOLUME		Evaluation Period: 01/01/1997 TO 06/30/1999										
MSA/Assessment Area	% of Rating Area Deposits in AA*	Home Mortgage		Small Business		Small Farm		Community Development*		Total Reported Loans		% of Rating Area Loans in AA (% of #)
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Scope</b>												
Los Angeles AA	83.7973.22	40	9,018	105	0	0	0	3	1,307	148	35,925	74.75
<b>Limited Scope</b>												
San Jose AA	6.115.34	1	225	02	0	0	0	0	0	1	225	1.00
San Francisco AA	10.108.82	9	2,225	0	0	0	0	0	0	9	2,225	6.06
Orange Co AA	0.0012.62	25	4,982	0	0	0	0	0	0	25	6,576	17.68

\* One of these loans is a revolving line that funds FENB's commitment to finance a loan pool in a CDC that operates throughout the state. There was insufficient information to apportion the loan amount amongst the bank's four assessment areas so the entire amount was attributed to the Los Angeles AA.

**Table 2. Geographic Distribution of Home Purchase Loan Originations**

Geographic Distribution: HOME PURCHASE										Evaluation Period: 01/01/1997 TO 06/30/1999						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans	
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
Los Angeles AA	2.34	0.00	14.25	13.64	34.73	45.45	48.68	40.91	257	0.01	0.00	0.00	0.01	0.01	22	59.46
<b>Limited Scope</b>																
San Jose AA	1.43	0.00	13.79	0.00	57.16	0.00	27.62	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00
San Francisco AA	1.20	0.00	11.96	100.00	46.73	0.00	40.11	0.00	0	0.00	0.00	0.00	0.00	0.00	1	2.70
Orange Co AA	0.77	0.00	17.19	14.29	45.08	42.86	36.96	42.86	181	0.02	0.00	0.02	0.02	0.03	14	37.84

\* Based on 1998 Aggregate HMDA Data only.

**Table 3. Geographic Distribution of Home Improvement Loan Originations**

Geographic Distribution: HOME IMPROVEMENT										Evaluation Period: 01/01/1997 TO 06/30/1999						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans	
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
Los Angeles AA	2.34	0.00	14.25	0.00	34.73	0.00	48.68	100.00	0	0.00	0.00	0.00	0.00	0.00	1	50.00
<b>Limited Scope</b>																
San Jose AA	1.43	0.00	13.79	0.00	57.16	0.00	27.62	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00
San Francisco AA	1.20	0.00	11.96	0.00	46.73	0.00	40.11	100.00	0	0.00	0.00	0.00	0.00	0.00	1	50.00
Orange Co AA	0.77	0.00	17.19	0.00	45.08	0.00	36.96	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00

\* Based on 1998 Aggregate HMDA Data only.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations**

Geographic Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1997 TO 06/30/1999						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
Los Angeles AA	2.34	0.00	14.25	6.67	34.73	20.00	48.68	73.33	292	0.01	0.00	0.01	0.01	0.01	15	44.12
<b>Limited Scope</b>																
San Jose AA	1.43	0.00	13.79	0.00	57.16	100.00	27.62	0.00	0	0.00	0.00	0.00	0.00	0.00	1	2.94
San Francisco AA	1.20	0.00	11.96	57.14	46.73	28.57	40.11	14.29	0	0.00	0.00	0.00	0.00	0.00	7	20.59
Orange Co AA	0.77	0.00	17.19	0.00	45.08	18.18	36.96	81.82	186	0.03	0.00	0.00	0.02	0.05	11	32.35

\* Based on 1998 Aggregate HMDA Data only.

**Table 5. Geographic Distribution of Small Business Loan Originations**

Geographic Distribution: SMALL BUSINESS										Assessment Period: From 01/01/1997 To 06/30/1999						
MSA/Assessment Area	Low Income Tracts		Moderate Income Tracts		Middle Income Tracts		Upper Income Tracts		Overall Market Rank*	Market Share*					Total Loans	
	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
Los Angeles AA	9.30	11.11	19.40	33.33	33.46	35.56	37.53	20.005	5868	0.055	0.0710	0.064	0.09	0.02	45	81.8250
<b>Limited Scope</b>																
San Jose AA	6.32	0.00	24.03	50.00	50.96	50.00	18.52	0.00	0	0.00	0.00	0.00	0.00	0.00	2	3.64
San Francisco AA	15.34	0.00	19.34	33.33	37.37	66.67	27.81	0.00	48	0.05	0.09	0.06	0.06	0.00	3	5.450
Orange Co AA	4.14	20.00	27.57	40.00	39.04	0.00	24.17	40.00	68	0.02	0.00	0.07	0.01	0.00	510	9.093

\* Based on 1998 Aggregate Small Business Data only. Also, data integrity errors in the small business loans reported for 1997 and 1998 cause the numbers to be inflated by an undermined amount. As a result, FENB's market rank and market share in 1998 is actually lower than the numbers in the table. This does not significantly affect our evaluation of performance in the Los Angeles AA, but does affect the evaluation of performance in the San Francisco and Orange County AAs due to the much lower volume of lending in those two areas.

**Table 6. Geographic Distribution of Small Farm Loan Originations**

Geographic Distribution: SMALL FARM										Assessment Period: From 01/01/1997 To 06/30/1999						
MSA/Assessment Area	Low Income Tracts		Moderate Income Tracts		Middle Income Tracts		Upper Income Tracts		Overall Market Rank*	Market Share*					Total Loans	
	% of Farms	% Bank Loans	% of Farms	% Bank Loans	% of Farms	% Bank Loans	% of Farms	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
Los Angeles AA	2.91	0.00	12.16	0.00	37.65	0.00	47.09	0.00	196	0.00	0.00	0.00	0.00	0.00	0	0.00
<b>Limited Scope</b>																
San Jose AA	3.91	0.00	22.26	0.00	51.83	0.00	22.00	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00
San Francisco AA	3.19	0.00	18.67	0.00	43.72	0.00	34.34	0.00	106	0.00	0.00	0.00	0.00	0.00	0	0.00
Orange Co AA	2.72	0.00	22.50	0.00	44.22	0.00	29.10	0.00	95	0.00	0.00	0.00	0.00	0.00	0	0.00

\* Based on 1998 Aggregate Small Farm Data only.

**Table 7. Borrower Distribution of Home Purchase Loan Originations**

Borrower Distribution: HMDA HOME PURCHASE										Evaluation Period: 01/01/1997 TO 06/30/1999						
MSA/Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank*	Market Share by Borrower Income*					Total Home Purchase Loans	
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
Los Angeles AA	22.82	0.00	16.85	0.00	19.70	0.00	40.63	90.91	257	0.01	0.00	0.00	0.00	0.01	22	0.0059.46
<b>Limited Scope</b>																
San Jose AA	18.71	0.00	18.69	0.00	23.99	0.00	38.61	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00
San Francisco AA	19.83	100.00	18.18	0.00	22.65	0.00	39.34	0.00	0	0.00	0.00	0.00	0.00	0.00	1	0.002.70
Orange Co AA	18.65	0.00	19.00	14.29	23.57	28.57	38.78	57.14	181	0.02	0.00	0.03	0.03	0.02	14	37.84

\* Based on 1998 Aggregate HMDA Data only.

\*\* As a percentage of loans with borrower income information available. No information was available for 5% of loans originated by FENB.

**Table 8. Borrower Distribution of Home Improvement Loan Originations**

Borrower Distribution: HOME IMPROVEMENT										Evaluation Period: 01/01/1997 TO 06/30/1999						
MSA/Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank*	Market Share By Borrower Income*					Total Home Improvement Loans	
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
Los Angeles AA	22.82	0.00	16.85	0.00	19.70	0.00	40.63	100.00	0	0.00	0.00	0.00	0.00	0.00	1	0.00
<b>Limited Scope</b>																
San Jose AA	18.71	0.00	18.69	0.00	23.99	0.00	38.61	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00
San Francisco AA	19.83	0.00	18.18	0.00	22.65	0.00	39.34	100.00	0	0.00	0.00	0.00	0.00	0.00	1	0.00
Orange Co AA	18.65	0.00	19.00	0.00	23.57	0.00	38.78	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00

\* Based on 1998 Aggregate HMDA Data only.

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

**Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations**

Borrower Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1997 TO 06/30/1999						
MSA/Assessment Area	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Overall Market Rank*	Market Share by Borrower Income*					Total Loans	
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
Los Angeles AA	22.82	0.00	16.85	0.00	19.70	6.67	40.63	86.67	292	0.01	0.00	0.00	0.01	0.02	15	0.0044.12
<b>Limited Scope</b>																
San Jose AA	18.71	0.00	18.69	0.00	23.99	0.00	38.61	0.00	0	0.00	0.00	0.00	0.00	0.00	1	0.002.94
San Francisco AA	19.83	14.29	18.18	0.00	22.65	28.57	39.34	0.00	0	0.00	0.00	0.00	0.00	0.00	7	0.0020.59
Orange Co AA	18.65	0.00	19.00	0.00	23.57	9.09	38.78	63.64	186	0.03	0.00	0.00	0.01	0.05	11	0.0032.35

\* Based on 1998 Aggregate HMDA Data only.

\*\* As a percentage of loans with borrower income information available. No information was available for 26% of loans originated by FENB.

**Table 10. Borrower Distribution of Small Business Loan Originations**

Borrower Distribution: SMALL BUSINESS							Evaluation Period: From 01/01/1997 To 06/30/1999				
MSA/Assessment Area	Businesses With Revenues of \$ 1 million or less			Loans by Original Amount Regardless of Business Size			Market Share*		Total Small Business Loans		
	% Business**	% Bank Loans***	% Market Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$ 1 Million or Less	#	% of Total	Avg Loan Size
<b>Full Scope</b>											
Los Angeles AA	74.54	100.00	46.85	79.1733.33	71.43	94.1235.24	0.05	0.09	45	81.8287.50	242
<b>Limited Scope</b>											
San Jose AA	72.54	100.00	46.40	4.1750.00	0.00	5.8850.00	0.00	0.00	2	1.67	225
San Francisco AA	74.96	100.00	49.30	8.3366.67	7.1433.33	0.00	0.05	0.09	3	2.50	117
Orange Co AA	72.74	100.0050.00	46.10	8.3350.00	21.4340.00	0.00	0.02	0.02	50	9.09	136

\* Based on 1998 Aggregate Small Business Data only. Also, data integrity errors in the small business loans reported for 1997 and 1998 cause the numbers to be inflated by an undermined amount. As a result, the actual market share is lower than the numbers in the table. Similarly, the actual market share numbers for loans to borrowers with revenues of \$1 million or less are lower, too. But we do not believe the errors would have a material impact on the analysis.

\*\* As a percentage of businesses with known revenues.

\*\*\* As a percentage of loans with revenue information available. No information was available for 19% of loans originated by FENB.

\*\*\*\* The market consists of all other Small Business reporters in FENB's assessment area.

**Table 11. Borrower Distribution of Small Farm Loan Originations**

Borrower Distribution: SMALL FARM							Evaluation Period: From 01/01/1997 To 06/30/1999				
MSA/Assessment Area	Farms With Revenues of \$1 million or less			Loans by Original Amount Regardless of Farm Size			Market Share*		Total Small Farm Loans		
	% Farms**	% Bank Loans***	% Market Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Revenues \$ 1 Million or Less	#	% of Total	Avg Loan Size
<b>Full Scope</b>											
Los Angeles AA	90.94	0.00	67.27	0.00	0.00	0.00	0.003	0.002	0	0.00	0
<b>Limited Scope</b>											
San Jose AA	89.39	0.00	54.55	0.00	0.00	0.00	0.00	0.00	0	0.00	0
San Francisco AA	91.42	0.00	32.14	0.00	0.00	0.00	0.00	0.00	0	0.00	0
Orange Co AA	87.48	0.00	76.92	0.00	0.00	0.00	0.00	0.00	0	0.00	0

\* Based on 1998 Aggregate Small Farm Data only.

\*\* As a percentage of farms with known revenues.

\*\*\* As a percentage of loans with revenue information available. No information was available for NA% of loans originated by FENB.

\*\*\*\* The market consists of all other Small Farm reporters in FENB's assessment area.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS		Evaluation Period: 06/30/1997 TO 10/31/1999							
MSA/Assessment Area	Prior Period Investments*			Current Period Investments			Total Investment		
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total
<b>Full Scope</b>									
Los Angeles AA	2	90	100.005.71	11	1,487	94.29	13	1,577	100.00
<b>Limited Scope</b>									
San Jose AA	0	0	0.00	0	0	0.00	0	0	0.00
San Francisco AA	0	0	0.00	0	0	0.00	0	0	0.00
Orange County AA	0	0	0.00	0	0	0.00	0	0	0.00

\* Prior Period Investments means investments made in previous evaluation period that remain outstanding.

\*\* Percentage of the dollars invested in that MSA/Assessment area that are prior investments or current period investments. Also, one of the prior period investments and the largest current period investment are in CDC's that operate throughout the state. There was not sufficient information to apportion the amounts amongst the bank's four assessment areas.

**Table 13. Distribution of Branch and ATM Delivery System**

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM										Evaluation Period: 06/30/1997 TO 10/31/1999							
MSA/Assessment Area	Deposits	Branches						ATMs				Population					
	% of Rating Area Deposits in AA	# of Bank Branches	% of Rating Area Branches in AA	% Distribution of Branches by Income Level of Geography				# of Bank ATMs	% of Total Bank ATMs in AA	% Distribution of ATMs by Income Level of Geography				% of the Population with Each Geography*			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Scope</b>																	
Los Angeles AA	73.22	7	100.0063.64	14.29	28.57	3.0042.86	14.29	5	100.0071.43	0.00	100.00	100.00	0.00	9.02	26.69	33.93	30.17
<b>Limited Scope</b>																	
San Jose AA	5.34	1	9.09	0.00	100.00	0.00	0.00	0	0.00	0.00	0.00	0.00	0.00	3.91	21.23	54.69	20.18
San Francisco AA	8.82	2	18.18	100.00	0.00	0.00	0.00	1	100.0014.29	100.00	0.00	0.00	0.00	6.52	20.53	44.94	27.91
Orange County AA	12.62	1*	9.09	50.00	0.00	0.00	0.00	0*	0.0014.29	0.00	0.00	0.00	0.00	0.003.61	0.0026.73	0.0042.01	0.0027.64

\* One branch with an ATM is located in an NA census tract.