



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

**Banco Popular, National Association
Charter Number 23877**

**8523 Commodity Circle
Orlando, Florida 32819**

Office of the Comptroller of the Currency

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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 “Satisfactory”.

The following table indicates the performance level of Banco Popular, National Association, with respect to the Lending, Investment, and Service tests.

Performance Levels	Banco Popular, National Association Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory	X	X	
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- The overall level of lending is adequate, given available lending opportunities and the bank’s business strategy in its assessment areas.
- The bank has a good distribution of loans among individuals and businesses of different income levels, considering the housing costs, income levels and limited opportunities for home ownership in the bank’s assessment areas.
- Overall, there is a good level of qualified investments, given the availability of investment opportunities in the bank’s assessment areas. Performance was good in Florida where alternatives are available. In Puerto Rico, investment performance was adequate, but consistent with the very limited opportunities in the assessment area.
- Service delivery systems are readily accessible to geographies and individuals of different income levels, based on performance in the Puerto Rico assessment area. The bank does not operate retail offices in Florida.
- The bank provided a good level of community development services in its assessment areas. Performance was good in both Puerto Rico and Florida. Community development services primarily focused on financial education efforts directed toward the low- and moderate-income segments of the assessment area population and included homebuyer seminars and basic banking classes.

Definitions and Common Abbreviations

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

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

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

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

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male household and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

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

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan 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).

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

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

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

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

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

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

Metropolitan Area (MA): Any primary metropolitan statistical area (PMSA), metropolitan statistical area (MSA), or consolidated metropolitan area (CMSA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

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

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

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

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

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

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

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

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

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

Description of Institution

Banco Popular, National Association (BPNA) is a multi-state bank and a wholly owned subsidiary of Popular North America, Inc. (PNA), a bank holding company chartered in Delaware. In turn, PNA is a wholly owned subsidiary of Popular International Bank, Inc. (PIB), a bank holding company chartered under the international banking laws of Puerto Rico. PIB is a wholly owned subsidiary of Popular, Inc., headquartered in Puerto Rico. Neither PNA nor PIB are operating subsidiaries.

Popular, Inc. is a 109-year-old financial services holding company with \$33.7 billion in assets at year-end 2002. It operates in Puerto Rico, the United States, the Caribbean, and Latin America. In Puerto Rico, Popular, Inc. offers a full range of retail and commercial banking services through its main banking subsidiary, Banco Popular de Puerto Rico. In the United States, it provides financial services through its subsidiaries BPNA and Banco Popular North America, a state-chartered bank headquartered in New York City and operating in California, Florida, Illinois, New Jersey, New York, and Texas.

Established in June 2000, BPNA is a nationally chartered bank headquartered in Orlando, Florida, providing banking and mortgage services. In addition, it offers insurance products through a subsidiary, Popular Insurance. The operating of this subsidiary does not impact on the bank's ability to lend or invest in its community. BPNA's business strategy is to provide a full range of banking services in Culebra, Puerto Rico and mortgage loans from the main corporate office in Orlando.

BPNA's Culebra office, established to meet a statutory requirement for selling insurance on a national basis, provides a full range of retail and commercial deposit and loan services through a service and agency agreement with Banco Popular de Puerto Rico. The bank's single assessment area in Puerto Rico is all of Culebra, a small island off the coast of Puerto Rico with a population of 1,542 (1990 Census). It is the only bank operating on the island. As of December 31, 2002, deposits totaled \$18 million. Branch deposits fund consumer and commercial lending originated by the Culebra office. Mortgage loans are originated by affiliates Popular Mortgage, Inc. or Banco Popular de Puerto Rico. The loan portfolio in Culebra, which is equivalent to that of the entire bank, totaled \$1.9 million as of year-end 2002. It consisted of \$1.058 million (56 percent) in consumer loans and \$864 thousand (44 percent) in commercial loans.

The only focus of BPNA's Orlando office is the origination of residential mortgage loans and their subsequent sale on the secondary mortgage market. Although BPNA is a national lender, it primarily originates loans for its affiliate Banco Popular North America. The Orlando office does not accept deposits. Its lending activity is funded by a line of credit from Banco Popular de Puerto Rico.

As of December 31, 2002, BPNA had total assets of \$36 million and Tier 1 capital of \$9.938 million. Although a bank of this size would normally be examined as a small bank under the CRA, the size of the parent holding company (in excess of \$1 billion in assets) requires that the bank be examined as a large bank. This is the first CRA examination of BPNA since it was established.

There are no legal, financial or other factors impeding the bank's ability to help meet the credit needs of its assessment areas.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation (PE) assesses the bank's performance under the Lending, Investment and Service Tests. In evaluating the bank's lending performance, we reviewed residential mortgage loans subject to filing under the HMDA and community development loans. At the request of the bank, we evaluated consumer loans and considered applicable small business and residential mortgage loan activity of the bank's affiliates, Popular Mortgage, Inc. and Banco Popular de Puerto Rico. No multifamily residential mortgage loans or small loans to farms were reported; therefore, these loans were not evaluated and their relevant tables were not included in Appendix D.

With the exception of community development loans, the evaluation period for the Lending Test is July 1, 2000 through December 31, 2002. This timeframe is based upon the date the bank was established. For community development loans, the Investment Test and the Service Test, the evaluation period is July 1, 2000 through July 7, 2003. Our conclusions, related to community development loans and qualified investments, were based on the number and dollar amounts made during the evaluation period. In addition, we considered the level of innovation, complexity, responsiveness to community credit needs and the degree to which these instruments are not routinely provided by private investors.

Data Integrity

This evaluation is based on accurate data. During April 2003, we verified the accuracy of HMDA data reported for 2002 and home mortgage loan origination data supplied by management for 2000 and 2001 and used in this PE. For small business and consumer loan data supplied by management, we relied upon the bank's internal controls and review processes, which we evaluated and found to be adequate. CD loans, investments and services submitted by BPNA management were verified to ensure that they met the regulatory definition for community development. Some items submitted by BPNA for consideration were excluded from this evaluation because they did not meet the definition or purpose of community development.

Selection of Areas for Full-Scope Review

BPNA has two assessment areas (AA), one in the State of Florida (Orlando AA) and one in the Commonwealth of Puerto Rico (Culebra AA). Each AA received a full-scope review.

Both AAs are comprised of whole census tracts that meet regulatory requirements. The delineation of assessment areas did not reflect any illegal discrimination and did not arbitrarily exclude low- or moderate-income geographies.

Ratings

BPNA's overall rating is a blend of the state ratings. For the Lending Test, the State of Florida received the most weight because the majority of HMDA loans were originated through the Florida office. For the Investment Test, more consideration was given to Florida based on very limited opportunities in Puerto Rico. For the Service Test, the Commonwealth of Puerto Rico received the most weight since all of BPNA's deposits are derived from Puerto Rico and it is the only AA where the bank provides retail banking services.

The state ratings are based on those areas that received full-scope reviews. HMDA lending is weighted more heavily than small business and consumer lending in evaluating the bank's CRA performance. Within the Lending Test, the geographic distribution segment of the test was not significant since the geographies in the assessment areas are not well distributed among the various income levels. There is only one upper-income geography in the Culebra AA. Of the nine geographies in the Orlando AA, there are no low-income geographies and only one moderate-income geography.

Other

Community credit needs in the AAs were determined by reviewing recent community contacts conducted by the OCC in connection with other CRA examinations of banks operating in the same assessment area. For this examination, we conducted two community contacts, one in each assessment area.

The most critical credit need identified for the Orlando AA is financing for the purchase of single-family housing units by low- and moderate-income borrowers. Homebuyer education is another identified need. In the Culebra AA the need is for community services directed toward low- and moderate-income individuals. There is also a need for organizational help to assist local residents in establishing groups that can provide community services as well as attract employment opportunities. There are only two non-profit entities operating in Culebra.

Refer to the profile in Appendix B for additional information.

Fair Lending Review

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

State Rating

CRA Rating for Florida: **Satisfactory**

The Lending Test is rated: **High Satisfactory**

The Investment Test is rated: **High Satisfactory**

The Service Test is rated: **High Satisfactory**

The major factors that support this rating include:

- Lending levels that reflect adequate responsiveness in meeting assessment area credit needs given the level of lending opportunities in the AA and the bank's business strategy.
- An adequate geographic distribution of loans.
- An excellent distribution of loans by income level of borrower.
- A good level of community development investments.
- A good level of community development services, given available opportunities.

Description of Institution's Operations in Florida

BPNA's operations in Florida are limited to mortgage loan originations, primarily for BPNA's affiliate Banco Popular North America. BPNA's main office, located in Orlando, Florida, is a loan operations center that does not accept deposits or offer banking products and services to the public. As previously noted, BPNA's mortgage lending activity is funded by a line of credit from Banco Popular de Puerto Rico.

BPNA has delineated 9 census tracts surrounding its main office in Orlando (Orange County) as its AA. The remainder of Orlando is served by BPNA affiliate Banco Popular North America and contained in that bank's CRA assessment area.

The size of the assessment area limits BPNA's lending opportunities because of the small number of owner-occupied housing units within assessment area boundaries. Competition is strong among mortgage lenders in the assessment area and non-bank lenders have strong market share positions.

Housing prices are considered moderately high when compared with other portions of the state. However, home ownership is beyond the means of most low-income borrowers. The National Association of Realtors puts the 2001 median sales price of an existing single-family home in Orlando at approximately \$124 thousand. Considering that the HUD adjusted median family income for 2002 in the Orlando MSA is \$54,700, low-income borrowers, who would earn at most \$27,350, would have difficulty purchasing a home without some form of financial assistance.

Refer to the Market Profile for the State of Florida in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

Scope of Evaluation in Florida

BPNA has only one AA in Florida, consisting of 9 geographies in Orlando. This AA received a full-scope review. Ratings for the State of Florida are based on performance in the Orlando AA.

Home purchase loans and refinance loans were the products used in assessing the bank's lending performance. Consistent with the bank's business strategy, no home improvement, multifamily, small business or small loans to farms were made during this evaluation period. Therefore, the tables in Appendix D related to these products were eliminated from this report. Home purchase loans received slightly more weight since they represented 58% of loans evaluated at this examination. Refer to the table in Appendix A for more information on the scope of the examination.

Community credit needs in the AA were determined by reviewing recent community contacts conducted in connection with other CRA examinations of banks operating in the same AA. We conducted a community contact with a local non-profit organization whose mission is to assist low- and moderate-income homebuyers and produce affordable owner-occupied and rental housing in Central Florida. The most critical credit need identified for the AA is financing for the purchase of affordable owner-occupied housing by low- and moderate-income buyers. Educational programs regarding the home ownership process were another identified need. Refer to the profile in Appendix B for additional information.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in Florida is rated "High Satisfactory". Based on a full-scope review, the bank's Lending Test performance in the Orlando AA is good.

Lending Activity

Refer to Table 1 in the State of Florida section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Overall lending levels reflect adequate responsiveness to meeting AA credit needs, given the bank's business strategy, lack of retail branches, and competition in the AA. Consistent with its business strategy, BPNA originated only home purchase and home mortgage refinance loans during the evaluation period. Among the home mortgage loans originated in the AA, 58% were home purchase loans and 42% were refinanced mortgages.

BPNA did not report loans under the HMDA in 2000 and 2001 because the bank did not meet the size eligibility requirement. However, bank reports show that BPNA did originate 45 home mortgage loans during 2001 that would have been reported if the bank were subject to reporting requirements. According to 2001 HMDA peer data (the most recent available), there were 263

filers who made 5,989 HMDA loans in BPNA's delineated AA. If BPNA had been included in 2001 peer data, the bank's 45 home HMDA loans would have ranked the bank 35th with a HMDA market share approximating .75%.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans in the AA is adequate, given performance context. The geographic distribution of HMDA loans is adequate.

Home Mortgage Loans

Refer to Tables 2 and 4 in the State of Florida section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. As previously noted, BPNA did not originate any home improvement or multi-family loans in the State of Florida during this evaluation period. Consequently, Tables 3 and 5 were eliminated.

The geographic distribution of home mortgage loans is adequate. BPNA made no home purchase or home mortgage refinance loans in the one moderate-income geography in the bank's AA. However, only 760 units in the AA are located in the moderate-income geography, limiting lending opportunities. The majority (52%) of owner-occupied housing units are located in middle-income geographies where 60% of the bank's home purchase and 61% of the bank's refinance loans were originated.

Small Loans to Businesses

The bank did not originate or purchase any small loans to businesses. Table 6 was therefore eliminated from Appendix D.

Lending Gap Analysis

We evaluated the lending distribution of this AA to determine if any unexplained conspicuous gaps existed. None were identified.

Inside/Outside Ratio

This portion of the evaluation was performed at the bank level. Additionally, the information includes bank originations and purchases only and does not include extensions of credit by affiliates that are being considered under the other performance criteria.

During the evaluation period, BPNA originated a low volume of its loans within its AAs. The bank originated less than 1% of its HMDA loans in its AAs. This low percentage reflects the bank's business strategy of originating loans for its affiliate bank, its status as a nationwide lender, and the lack of retail branches in the AA.

Distribution of Loans by Income Level of the Borrower

Refer to Tables 8 and 10 in the State of Florida section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. BPNA did not originate any home improvement loans in the Orlando AA during this evaluation period so Table 9 was eliminated from Appendix D.

The overall distribution of loans by income level in the AA is excellent. The distribution of HMDA loans by borrower income level is excellent.

Home Mortgage Loans

The distribution of home purchase and refinance loans by income level of the borrower is excellent. The bank's percent of home purchase and of refinance loans to low-income borrowers exceeds the percent of low-income families residing in the AA. The bank's percent of home purchase and of refinance loans to moderate-income borrowers exceeds the percent of moderate-income families residing in the AA. A comparison of market share is not applicable since the bank was not a HMDA filer in 2001, the most recent year for which HMDA peer data is available.

Small Loans to Businesses

The bank did not originate or purchase any small loans to businesses. Table 11 was therefore eliminated from Appendix D.

Community Development Lending

Refer to Table 1 in the State of Florida section of Appendix D for the facts and data used to evaluate the bank's level of community development lending.

During the evaluation period, BPNA originated no community development loans in its Orlando AA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

BPNA's performance under the Investment Test in Florida is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Orlando AA is good when considering the impact of regional investments that could benefit the bank's assessment area. Investment opportunities within the AA are severely limited because of its small size. However, opportunities exist on a statewide or regional/county basis that would benefit an area that includes the bank's AA.

Refer to Table 14 in the State of Florida section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

During the evaluation period, BPNA originated one community development investment in the Orlando AA totaling \$417 thousand. The investment was a mortgage-backed security for which the collateral is mortgage loans to low- and moderate-income borrowers in Orange County. Mortgage-backed securities are important because they provide needed liquidity to lending institutions so that additional mortgages can be funded. The bank's Orlando AA is in Orange County.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Orlando AA is good.

Retail Banking Services

BPNA does not rely on a branch office network to deliver banking services. The BPNA office located in Orlando is an operations center and not a retail branch. It does not take deposits or offer any products or services directly to the public. For this reason, BPNA's retail banking services are not significant to the service test rating and Table 15 has been eliminated from Appendix D.

Community Development Services

BPNA provides a good level of community development services given its size and business strategy. During the evaluation period, bank representatives participated in five Spanish language homebuyer counseling seminars directed toward low- and moderate-income first time homebuyers in Orange County, an area that includes the bank's Orlando AA.

BPNA representatives participated in educational programs conducted by Orange County community development organizations and attended by approximately 1,200 persons. Topics included affordable mortgage products and down-payment assistance programs. The bank's participation is responsive to assessment area needs. A community contact noted that there is a need in the bank's assessment area for educational programs directed toward low- and moderate-income first time homebuyers, particularly those for whom Spanish is the primary language. The contact stated that one of the primary barriers to home ownership among low- and moderate-income families is lack of education about the home buying process.

Commonwealth Rating

CRA Rating for Puerto Rico: Satisfactory

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: Outstanding

The major factors that support this rating include:

- Lending levels that reflect adequate responsiveness in meeting assessment area credit needs.
- An adequate distribution of loans by income level of borrower.
- An adequate level of investments, given available opportunities.
- A branch delivery system that is readily accessible to geographies and individuals of different income levels.
- A good level of community development services, considering available opportunities.

Description of Institution's Operations in Puerto Rico

BPNA operates one branch and one ATM on the island of Culebra. Since June 2001, it is the only bank operating on the island. The entire island, which consists of one upper-income geography, comprises the bank's Culebra assessment area.

The bank originates home improvement, consumer and small loans to businesses. Mortgage loans are referred to, and originated by, affiliates Popular Mortgage, Inc. or Banco Popular de Puerto Rico.

Culebra is the smallest of Puerto Rico's 78 municipalities and provides few lending opportunities. According to the 1990 Census, there are only 385 families on Culebra and 25 businesses. The island is primarily a second home and tourist destination.

In the AA, income levels are low and housing costs high in relation to income. The exceptionally low HUD adjusted median family income of \$13,800 for 2002 makes any type of lending to low- and moderate-income borrowers extremely difficult. At most, low-income borrowers would earn \$6,900 and moderate-income borrowers \$11,040. The 2000 Census places the median housing value at \$32 thousand. Correlating housing values with income levels, homeownership is not a viable option for most low-income families and some moderate-income families, without some form of financial assistance.

In Puerto Rico, affordable housing is generally government-sponsored, with subsidies being provided to developers and individuals. Prices of these new homes range between \$65 and \$70

thousand, as specified by the Commonwealth. Affordable housing is not being produced in Culebra. Land is limited and construction costs are very high since materials and labor must be transported primarily from the mainland. Most new construction is limited to vacation homes for residents of the United States or mainland Puerto Rico. Home improvement lending is known to be an alternative means of providing housing credit in Puerto Rico. Many low- and moderate-income families interested in owning homes frequently build them, many times in phases so they can afford the expense.

Refer to the Market Profile for the Commonwealth of Puerto Rico in Appendix C for detailed demographics and other performance context information for assessment areas that received full-scope reviews.

Scope of Evaluation in Puerto Rico

The bank's only AA in Puerto Rico is the island of Culebra. The Culebra AA received a full-scope review. Ratings for the Commonwealth of Puerto Rico are based on performance in the Culebra AA.

HMDA loans (home purchase, home improvement, and refinance loans), small loans to businesses and consumer loans were used in assessing the bank's lending performance. No multifamily or small farm loans were made during this evaluation period and the tables in Appendix D related to these products have been eliminated. Home improvement and consumer loans received slightly more weight since they represented the greatest opportunity for lending to low- and moderate-income borrowers. Refer to the table in Appendix A for more information regarding the scope of this examination.

Reviewing demographic information and conducting a community contact determined community credit needs in the AA. We conducted a community contact with a local non-profit organization whose mission is to provide community services to low- and moderate-income persons on the island. Identified needs included community services for low- and moderate-income individuals and assistance in organizing community organizations. Refer to the profile in Appendix B for additional information.

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test in Puerto Rico is rated "Low Satisfactory". Based on a full-scope review, the bank's performance in the Culebra AA is adequate.

Lending Activity

Refer to Table 1 in the Commonwealth of Puerto Rico section of Appendix D for the facts and data used to evaluate the bank's lending activity.

Overall, lending levels reflect an adequate responsiveness to AA credit needs, given available opportunities. According to the 1990 Census, within the Culebra AA, households total 522 and there are 402 owner-occupied housing units and 25 businesses. The Culebra office originates primarily consumer loans, for which there is no aggregate loan data. HMDA and small business loans reviewed during this evaluation period were originated by the bank's affiliates, Popular Mortgage and Banco Popular de Puerto Rico. Combined, these affiliates ranked first in mortgage lending in Culebra in 2000 and 2001. They had a similar ranking regarding small business loans. Although not located on Culebra, mainland lenders originate loans on Culebra, particularly for second home purchase or refinance.

The bank primarily originates consumer loans, which is not included in lending activity. The bank originated 86 consumer loans, which they asked us to consider and should also be included in the lending activity.

Consistent with AA income levels and lending opportunities, of the loans evaluated at this examination, 64% are consumer loans. HMDA loans represent only 27% of activity, with small loans to businesses comprising the remainder. Of HMDA loans, half are home improvement loans. Such loans are an important means of meeting affordable housing credit needs as discussed above.

Distribution of Loans by Income Level of the Geography

The Culebra AA consists of one upper-income geography. Therefore, the distribution of loans by income level of the geography is not significant to the lending test rating and was not performed.

Lending Gap Analysis

For the reason noted above, lending gap analysis is not relevant to the evaluation of the bank's performance under the lending test and was not performed.

Inside/Outside Ratio

This portion of the evaluation was performed at the bank level. Additionally, the information includes bank originations and purchases only and does not include extensions of credit by affiliates that are being considered under the other performance criteria.

During the evaluation period, BPNA originated a low volume of its loans within its AAs. The bank originated less than 1% of its HMDA loans in its AA. The low percentage reflects the bank's business strategy of originating loans for its affiliate bank, its status as a nationwide lender, and the limited number of retail branches in the AA.

Distribution of Loans by Income Level of the Borrower

Refer to Tables 8, 9, 10, and 13 in the Commonwealth of Puerto Rico section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall distribution of loans by income level in the AA is adequate, given performance context. The distribution of HMDA loans by borrower income level is adequate. The distribution of small loans to businesses is good. The distribution of consumer loans is adequate.

Home Mortgage Loans

The overall distribution of home mortgage loans by income level is adequate, given performance context.

As discussed in “Description of the Institution’s Operations”, the high housing cost and low income levels in the AA limits lending opportunities to low- and moderate-income individuals. The bank originated no home purchase loans and home mortgage refinance loans to low- and moderate-income borrowers. All home purchase and home mortgage refinance loans were made to upper-income individuals.

The distribution of home improvement loans by the income level of the borrower is good, given performance context. Home improvement loans are generally for lower dollar amounts and thus more affordable, providing the bank with the greatest opportunity for HMDA lending in this assessment area. No home improvement loans were made to low-income borrowers. However, the percent of home improvement loans to moderate-income borrowers exceeds the percent of moderate-income families residing in the AA. Market share is not applicable.

Small Loans to Businesses

Refer to Table 11 in the Commonwealth of Puerto Rico section of appendix D for the facts and data used to evaluate the borrower distribution of the bank’s home mortgage loan originations and purchases.

The overall distribution of small loans to businesses by income level is good. BPNA’s percent of small loans to businesses (businesses with annual revenues \$1 million dollars or less) substantially meets the percent of small businesses in the AA. The majority (82%) of the bank’s loans were for amounts less than \$100,000. Market share is not applicable since the bank did not have to report small business loans under the CRA.

Consumer Loans

Refer to Table 13 in the Commonwealth of Puerto Rico section of appendix D for the facts and data used to evaluate the borrower distribution of the bank’s consumer loan originations and purchases.

The distribution of consumer loans by income level of the borrower is adequate, considering performance context. The percent of consumer loans to low-income borrowers is lower than the percent of low-income households residing in the AA. The percent of consumer loans to moderate-income borrowers is somewhat lower than the percent of moderate-income households residing in the AA. Income levels in the AA make it difficult for low- and moderate-income borrowers to afford credit.

Community Development Lending

Refer to Table 1 in the Commonwealth of Puerto Rico section of Appendix D for the facts and data used to evaluate the bank's level of community development lending.

CD loans had a neutral impact on the lending test. Consistent with limited opportunities for such lending, BPNA originated one community development loan in its Culebra assessment AA during the evaluation period. The loan was to a non-profit organization that meets economic development needs by facilitating employment opportunities in the fishing industry to low- or moderate-income individuals.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

BPNA's performance under the Investment Test in Puerto Rico is rated "Low Satisfactory", given performance context. Based on a full-scope review, the bank's performance in the Culebra AA is adequate when considering available investment opportunities. Investment opportunities in the AA area are severely limited because of the almost total lack of community development organizations and municipal offerings. There are opportunities for investments offered by the Commonwealth that benefit all of Puerto Rico; however, it is unlikely that they would benefit Culebra, an upper-income geography.

Refer to Table 14 in the Commonwealth of Puerto Rico section of Appendix D for the facts and data used to evaluate the bank's level of qualified investments.

Grants and Donations: During the evaluation period, BPNA made two donations totaling \$19,229 to a non-profit organization that provides community services to low- and moderate-income individuals.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test in the Commonwealth of Puerto Rico is rated "Outstanding". Based on a full-scope review, the bank's performance in the Culebra AA is excellent.

Retail Banking Services

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

BPNA's delivery systems are readily accessible to geographies and individuals of different income levels. When considering the Culebra assessment area, the accessibility of the bank's retail delivery systems is excellent. BPNA is the only bank providing services to the 385 families on Culebra. The bank has one branch office located in Dewey, one of the six wards (political subdivisions for voting purposes) that comprise the island. Dewey, located on the western part of the island, serves as Culebra's capital and is the most densely populated. It contains the limited commercial area that exists on the island as well as the ferry port and municipal headquarters. Housing, particularly that which is affordable to low- and moderate-income families, is clustered in and immediately around Dewey. Population density in the east half of the island, which is most popular for vacation homes, is sparse.

The banking office, which is open Monday through Friday, from 8:30 am to 3:30 pm, is augmented by several alternative delivery channels, including one ATM, telephone banking, telephone bill paying, internet banking and direct deposit. With the exception of direct deposit, data on service usage is not available. Bank records show that low- and moderate-income individuals employed on the island are using direct deposit services.

BPNA offers a full range of banking products and services through a servicing contract with its affiliate Banco Popular de Puerto Rico. In particular, the bank makes a low-cost combined transaction and savings account, "Acceso", available in the assessment area. The product, targeted to low- and moderate-income persons, requires no minimum balance and has a monthly fee of only \$1. The account allows for free unlimited Banco Popular ATM transactions. As of May 30, 2003, the bank has 204 Acceso accounts in Culebra.

The bank was established in June 2000 when BPNA purchased the Culebra branch of Banco Popular de Puerto Rico. After the purchase, there was no reduction in the range of products and services offered or change in hours of operation. No branches were opened or closed during the evaluation period.

Community Development Services

BPNA provides a good level of community development services, considering available opportunities. During the evaluation period, the bank conducted five programs related to its Banco en la Comunidad program. The financial literacy program is designed to provide basic financial education, and stress the need for savings and budgeting. It is directed toward the unbanked and students, who are primarily low- and moderate-income individuals. The bank's Acceso product was designed to complement this educational program. Approximately 170 persons attended the programs. Also, the branch manager provides technical assistance, in the form of financial counseling, to a non-profit organization providing community services to low- and moderate-income persons.

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").

Time Period Reviewed	Lending Test (excludes CD Loans): 7/1/2000 to 12/31/2002 Investment and Service Tests and CD Loans: 7/1/2000 to 7/7/2003	
Financial Institution	Products Reviewed	
Banco Popular, N.A. Orlando, Florida	Residential Mortgage Loans Consumer Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Banco Popular de Puerto Rico	Affiliate	Residential Mortgage Loans Small Business Loans
Popular Mortgage	Affiliate	Residential Mortgage Loans
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
9 Census Tracts in Orange County, Florida (Part of Orlando MSA # 5960)	Full-Scope	Census tracts: 142.00, 143.02, 168.01, 168.02, 169.02, 170.01, 170.02, 170.03, 171.02
Culebra Municipality, Puerto Rico – Non-MSA	Full-Scope	Municipality 049, Census tract: 9505.00

Appendix B: Summary of State Ratings

RATINGS BANCO POPULAR, N.A.				
Overall Bank:	Lending Test Rating *	Investment Test Rating	Service Test Rating	Overall Bank/State/ Rating
BANCO POPULAR, N.A.	High Satisfactory	High Satisfactory	Outstanding	Satisfactory
State or Commonwealth:				
FLORIDA	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
PUERTO RICO	Low Satisfactory	Low Satisfactory	Outstanding	Satisfactory

(*) The lending test is weighted more heavily than the investment and service tests in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

9 Census Tracts in Orange County, Florida	C-2
Culebra, Puerto Rico Non-MSA	C-3

State of Florida Assessment Area

Demographic Information for Full Scope Area: Banco Popular 9 CTs in Orlando						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	9	0.00	11.11	66.67	22.22	0.00
Population by Geography	61,865	0.00	7.06	59.11	33.83	0.00
Owner-Occupied Housing by Geography	13,434	0.00	5.67	51.91	42.42	0.00
Business by Geography	10,549	0.00	3.11	60.32	36.57	0.00
Farms by Geography	123	0.00	2.44	56.91	40.65	0.00
Family Distribution by Income Level	16,463	14.53	19.28	24.87	41.32	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	5,566	0.00	13.08	62.92	24.00	0.00
Median Family Income		34,389	Median Housing Value		96,958	
HUD Adjusted Median Family Income for 2002		54,700	Unemployment Rate (1990 US Census)		2.47%	
Households Below Poverty Level		7.63%				

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

BPNA’s AA consists of nine geographies in Orange County, Florida. Orange County is located in Central Florida and is part of Orlando MSA (#5960). The above chart provides demographic information about the AA.

Orlando is known as a tourist destination and its economy centers on the service industry. However, this industry commonly provides minimum wage jobs which, when compared with the price of housing in the area, makes home ownership difficult. In order to help provide affordable housing for low- and moderate-income families, the county receives SHIP funds from the state, and from nonprofit organizations and public-private partnerships such as the Community Partners Program.

Competition for mortgage loans within the bank’s assessment area is intense. In 2001, the most recent year for which data is available, there were 263 lenders reporting HMDA loans in the bank’s assessment area. They include mortgage companies that operate nationally and subsidiaries of some of the largest banks in the nation, as well as local financial institutions operating in the area.

There are several opportunities for community development lending, investments, and services in Orange County. BPNA’s AA, as part of Orange County, would potentially benefit from such activity. Community development opportunities include working with, and providing financing to, several organizations whose mission is to provide affordable housing and/or community services for low- and moderate-income persons. Types of community development investments available include, but are not limited to, bond and tax credit purchases for low- and moderate-income housing, mortgage-backed securities and opportunities to contribute to qualified non-profit organizations whose missions are focused on providing affordable housing, community services for low- and moderate-income persons, and economic development.

Commonwealth of Puerto Rico Assessment Area

Demographic Information for Full Scope Area: Banco Popular - CULEBRA - 1 CT						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1	0.00	0.00	0.00	100.00	0.00
Population by Geography	1,542	0.00	0.00	0.00	100.00	0.00
Owner-Occupied Housing by Geography	402	0.00	0.00	0.00	100.00	0.00
Business by Geography	25	0.00	0.00	0.00	100.00	0.00
Farms by Geography	0	0.00	0.00	0.00	0.00	0.00
Family Distribution by Income Level	385	8.31	5.97	8.83	76.88	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	55	0.00	0.00	0.00	100.00	0.00
Median Family Income		7,717	Median Housing Value		32,059	
HUD Adjusted Median Family Income for 2002		13,800	Unemployment Rate (1990 US Census)		2.79%	
Households Below Poverty Level		37.55%				

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

Source: 1990 US Census and 2002 HUD updated MFI

In Puerto Rico, the bank's AA consists of the municipality of Culebra, the smallest of Puerto Rico's 78 municipalities. Culebra is an island approximately 17 miles east of the main island of Puerto Rico and is seven miles long and four miles wide. About 1,400 acres of Culebra is designated as a national wildlife refuge.

The island's economy centers on tourism. The largest employers are the municipality and a pharmaceutical plant that employs about 80 people. Most of the remaining job opportunities focus on the service industry. Some residents travel to the mainland for jobs.

Few lending opportunities exist in Culebra. The 2000 Census shows that the population has increased 17% to 1,868. Owner-occupied housing units have increased about 30% to 529 units since the 1990 Census, but the level of vacant housing units has increased by almost 2 ½ times from 131 units to 325. Vacant housing units generally represent vacation homes where residents live part time. The Census classifies these units as vacant. Being a vacation haven increases property values, making them unaffordable to local residents. Real estate advertised on the Internet displayed prices ranging from approximately \$400 thousand to \$1 million.

There are almost no opportunities for community development lending, investments, and services in the assessment area. Culebra is classified as an upper-income geography in both the 1990 and 2000 Census. Affordable housing is not being developed in Culebra because of the greater need in more densely populated areas and the high cost of building. The commonwealth of Puerto Rico prohibits municipalities from issuing debt. This limits investment opportunities. The community contact confirmed that there are only two non-profit organizations operating in Culebra whose missions would meet the definition of community development. The contact noted there was a need to organize more groups to assist the low- and moderate-income population of the island.

Appendix D: Tables of Performance Data

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Content of Standardized Tables	D-2
Tables of Performance Data	
Florida	D-5
Commonwealth of Puerto Rico	D-10

Contents of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

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 and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by 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** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8.** **Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9.** **Borrower Distribution of Home Improvement Loans** - See Table 8
- Table 10.** **Borrower Distribution of Refinance Loans** - See Table 8
- Table 11.** **Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12.** **Borrower Distribution of Small Loans to Farms** - 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 - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

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

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

STATE OF FLORIDA

Table 1. Lending Volume

LENDING VOLUME												Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002	
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)		
Full Scope													
ORLANDO AA	NA	106	12,602	0	0	0	0	0	0	106	12,602	100.00	

* Deposit Data as of June 30, 2000

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE															Geography: ORLANDO AA		Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002				
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	Overall	Low	Mod	Mid	Upp						
Full Review:																					
ORLANDO AA	62	100.00	0.00	0.00	5.67	0.00	51.91	59.68	42.42	40.32	NA	NA	NA	NA	NA						

* Based on 2001 Peer Mortgage Data: Southeast Region 1.

** 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 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: ORLANDO AA				Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002									
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	Overall	Low	Mod	Mid	Upp	
Full Review:																
ORLANDO AA	44	100.00	0.00	0.00	5.67	0.00	51.91	61.36	42.42	38.64	NA	NA	NA	NA	NA	

* Based on 2001 Peer Mortgage Data: Southeast Region 1.

** 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 1990 Census information.

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: ORLANDO AA				Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002					Market Share*				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****					
Full Review:															
ORLANDO AA	62	100.00	14.53	14.75	19.28	31.15	24.87	22.95	41.32	31.15	NA	NA	NA	NA	NA

* Based on 2001 Peer Mortgage Data: Southeast Region 1.

** As a percentage of loans with borrower income information available. No information was available for 1.61% of loans originated and purchased by BANK.

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

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

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: ORLANDO AA					Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002									
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****	Overall	Low	Mod	Mid	Upp	
Full Review:																
ORLANDO AA	44	100.00	14.53	22.73	19.28	27.27	24.87	34.09	41.32	15.91	NA	NA	NA	NA	NA	

* Based on 2001 Peer Mortgage Data: Southeast Region 1.

** As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.

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

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

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
			Geography: ORLANDO AA		Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
ORLANDO AA	0	0	0	0	0	0	0	0	0
Regional	0	0	1	417	1	417	100	0	0

COMMONWEALTH OF PUERTO RICO

Table 1. Lending Volume

LENDING VOLUME		Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002										
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)	
Full Scope												
CULEBRA AA	100.00	36	3,697	11	804	0	0	1	60	48	4,661	100.0

* Deposit Data as of June 30, 2000.

Table 1. Other Products

LENDING VOLUME		Geography: BPNA				Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002								
MA/Assessment Area (2002):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Review:														
CULEBRA AA	100.00	85	643	0	0	0	0	0	0	0	0	4	26	100.00

Table 1. Other Products

LENDING VOLUME		Geography: BPNA		Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area (2002):	Other Unsecured Consumer Loans*				Other Optional Loans*			
	#	\$ (000's)			#	\$ (000's)		
Full Review:								
CULEBRA AA	81	617			0	0		

* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MA rating area.

** The evaluation period for Optional Product Line(s) is From January 01, 2000 to December 31, 2002.

*** Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

* The evaluation period for Optional Product Line(s) is From January 01, 2000 to December 31, 2002.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: BPNA				Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002										
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	Overall	Low	Mod	Mid	Upp	
Full Review:																
CULEBRA AA	11	100.00	NA	NA	NA	NA	NA	NA	NA	100.00	100.00	NA	NA	NA	NA	NA

* Based on 2001 Peer Mortgage Data: Southeast Region 1.

** 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 1990 Census information.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: BPNA				Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
Full Review:															
CULEBRA AA	18	100.00	NA	NA	NA	NA	NA	NA	NA	100.00	100.00	NA	NA	NA	NA

* Based on 2001 Peer Mortgage Data: Southeast Region 1.

** 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 1990 Census information.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: BPNA				Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002				
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	Overall	Low	Mod	Mid	Upp					
Full Review:																				
CULEBRA AA	7	100.00	NA	NA	NA	NA	NA	NA	NA	100.00	100.00	NA	NA	NA	NA	0.00				

* Based on 2001 Peer Mortgage Data: Southeast Region 1.

** 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 1990 Census information.

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: BPNA				Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002									
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	Overall	Low	Mod	Mid	Upp	
Full Review:																
CULEBRA AA	11	100.00	NA	NA	NA	NA	NA	NA	NA	100.00	100.00	NA	NA	NA	NA	NA

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

** 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 (2002).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: BPNA				Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Purchase 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****	Overall	Low	Mod	Mid	Upp
Full Review:															
CULEBRA AA	11	100.00	8.31	0.00	5.97	0.00	8.83	0.00	76.88	100.00	NA	NA	NA	NA	NA

* Based on 2001 Peer Mortgage Data: Southeast Region 1.

** As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.

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

**** Home purchase loans originated and purchased in the 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: BPNA					Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Improvement 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****	Overall	Low	Mod	Mid	Upp	
Full Review:																
CULEBRA AA	18	100.00	8.31	0.00	5.97	11.11	8.83	16.67	76.88	72.22	0.00	0.00	0.00	0.00	0.00	

* Based on 2001 Peer Mortgage Data: Southeast Region 1.

** As a percentage of loans with borrower income information available. No information was available for 0.00% 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: BPNA				Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002									
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****	Overall	Low	Mod	Mid	Upp
Full Review:															
CULEBRA AA	7	100.00	8.31	0.00	5.97	0.00	8.83	0.00	76.88	100.00	NA	NA	NA	NA	NA

* Based on 2001 Peer Mortgage Data: Southeast Region 1.

** As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by BANK.

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

**** Home mortgage refinance loans originated and purchased in the 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: BPNA		Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002					
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
Full Review:									
CULEBRA AA	11	100.00	56.00	54.55	81.82	0.00	18.18	0.00	0.00

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

** 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 - 2002).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 45.45% of small loans to businesses originated and purchased by the bank.

**Table 13. Geographic and Borrower Distribution of Consumer Loans
(Institution's Option)**

Geographic and Borrower Distribution: CONSUMER LOANS		Geography: BPNA				Evaluation Period: JULY 1, 2000 TO DECEMBER 31, 2002													
MA/Assessment Area:	Geographic Distribution										Borrower Distribution								
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		
	#	% of Total*	% of Hhlds* *	% of Bank Loans	% of Hhlds* *	% of Bank Loans	% of Hhlds* *	% of Bank Loans	% of Hhlds* *	% of Bank Loans	% of Hhlds* *	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	% of Hhlds**	% of Bank Loans	
Full Review:																			
CULEBRA AA	85	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	15.33	1.22	4.79	2.44	10.54	29.27	69.35	67.07

* Consumer loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

** Percentage of Households is based on the 1990 Census Information.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: BPNA									
Evaluation Period: JULY 1, 2000 TO JULY 7, 2003									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
CULEBRA AA	0	0	2	19	2	19	100.00	0	0

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: BPNA																	
Evaluation Period: JULY 1, 2000 TO JULY 7, 2003																	
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
CULEBRA AA	100.00	1	100.00	NA	NA	NA	100.00	0	0	NA	NA	NA	0	NA	NA	NA	100.00