



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

January 8, 2001

# **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**

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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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## 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 (OCC)**, the institution's supervisory agency, as of **January 8, 2001**. 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. BNAs have been established by the United States Census Bureau 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, total number and dollar amount of investments, branch distribution).

**Low-Income** - Income levels that are less than 50 percent 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. 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 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 percent and less than 120 percent of the MFI.

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

**Small Business Loans** - Loans with original amounts of \$1 million or less that are: (1) secured by non-farm 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 percent or more of the MFI.

## Overall CRA Rating

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

The following table indicates the performance level of **Far East National Bank** (“FENB”) 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		X	X
Low Satisfactory	X		
Needs to Improve			
Substantial Noncompliance			

\* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- FENB originated an adequate volume of small business loans and an excellent volume of community development loans during the evaluation period. The excellent level of community development loans leads to a positive effect on the overall Lending Test rating. The geographic distribution of small business loans is excellent and the distribution of small business loans to businesses of different sizes is adequate.
- FENB has a good level of community development investments and grants that are responsive to the affordable housing needs of low- and moderate-income families.
- FENB has a good distribution of full-service branches in low- and moderate-income census tracts when compared with the percentages of people living in low- and moderate-income census tracts. Additionally, FENB’s record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals.

## Description of Institution

Far East National Bank is an intrastate bank headquartered in Los Angeles, California. It opened for business in December 1974. The bank primarily serves 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.

As of September 30, 2000, FENB reported total assets of \$1.1 billion, up 32 percent from \$836 million a year ago. The bank reported net income of \$7 million, which yielded a 0.95 percent return on average assets. Tier 1 Capital totaled \$118.6 million, which includes approximately \$33.9 million in intangible assets such as acquisition costs and goodwill. The Tier 1 Capital represents 13.2 percent of the bank's risk-weighted assets. Gross loans, at \$654 million, represent 61 percent of total assets. Commercial real estate loans and loans secured by multifamily properties comprise 59 percent of the loan portfolio. Commercial and industrial loans represent the second largest category of loans, comprising 24 percent of the portfolio, while residential real estate lending represents just 3 percent of the loans.

The bank is the sole common stockholder of Far East Capital Corporation ("FECC"), which is licensed as a Specialized Small Business Investment Corporation ("SSBIC") under the Small Business Administration ("SBA") regulations. At December 31, 2000, FECC reported assets of \$4.2 million, which were mostly in the form of equity investments in small businesses, cash and cash equivalents, and commercial loans. For the year ended December 31, 2000, FECC reported a net loss of \$117,449.

FENB management defined five separate assessment areas within the State of California that we used to evaluate the CRA performance of the bank. These assessment areas are: Alameda County, Los Angeles-Long Beach MSA, Orange County MSA, San Francisco County, and San Jose MSA. The assessment area delineation meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. FENB also has a Representative Office in Beijing, China. The presence of this office has helped FENB to generate a significant volume of foreign deposits, which has an effect on the bank's overall market share of deposits.

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 five assessment areas and offers a wide range of commercial lending and deposit products. Consumer loans, residential real estate loans, farm loans, and credit card loans are minimal.

At the last CRA examination, as of October 25, 1999, FENB received a "Needs to Improve" 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 the Evaluation

## Evaluation Period and Products Evaluated

This Performance Evaluation presents information on FENB's small business loans from July 1, 1999, through September 30, 2000. We evaluated FENB's community development loan performance since the previous examination, dated October 25, 1999. Unless otherwise stated, references to loans mean exclusively these 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 January 8, 2001.

## Data Integrity

To determine the accuracy of the bank's loan and investment data that we used in our analyses, we reviewed a random sample of small business loans and HMDA loans. Our initial review of loans disclosed several reporting errors with small business loans, mostly resulting from incorrect reporting of the business revenue category and census tracts. Consequently, management reviewed all loans and corrected each error before this evaluation.

Additionally, we reviewed all originated and pending community development loans, investments, and services to ensure that each activity has community development as its primary purpose. We determined that the information was substantially correct and sufficient to use in our assessment of the CRA performance of the bank.

## Selection of Areas for Full-Scope Review

We performed a full-scope review of the Los Angeles-Long Beach MSA. We selected this area because it is FENB's most significant assessment area, representing the bank's major market for loans, deposits, and full-service branches.

The significance of the Los Angeles-Long Beach MSA is clear when looking at the distribution of FENB's deposits, CRA reportable loans, and full-service branches. This assessment area represents 84 percent of the number and 82 percent of the dollar of the combined small business loans and community development loans the bank made in all assessment areas. Also, the population of the Los Angeles-Long Beach MSA is the largest of the five assessment areas. This assessment area has a population of 8.9 million<sup>1</sup> or 60 percent of the combined population of all assessment areas. Of the bank's five assessment areas, the Los Angeles-Long Beach MSA has the lowest updated medium family income and the highest percentage of households below the poverty level<sup>2</sup>.

Please refer to Appendix B for a complete description of this assessment area.

We performed limited-scope reviews of the Alameda County, Orange County MSA, San Francisco County, and San Jose MSA assessment areas.

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<sup>1</sup> Source: 2000 U.S. Census.

<sup>2</sup> Source: 1990 U.S. Census and 2000 Housing and Urban Development (HUD) updated MFI.



## Ratings

In arriving at FENB's overall record of performance, we assessed activities under the Lending, Investment, and Service Tests in the Los Angeles-Long Beach 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 and affordable housing lending as 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 FENB's performance in the Los Angeles-Long Beach MSA.

## Other

As part of our evaluation, we considered information obtained from three recent community contacts as well as previous contacts that the OCC and other federal financial institution regulators conducted. These contacts included local organizations that are primarily involved in revitalizing and stabilizing distressed communities and providing affordable housing or essential services targeted to low- and moderate-income families in the assessment areas. The organizations identified the following needs:

### *Lending*

- Small business loans less than \$50,000 that can be used for start-up businesses.
- Loan pool money for loans between \$5,000 and \$50,000 for the "near bankable" small business.
- Financing to provide affordable housing in the low- and moderate-income communities throughout Los Angeles County.

### *Investments*

- Cash or in-kind contributions for sustaining community organizations that provide affordable housing or essential services for low- and moderate-income families.
- Equity participation in the local community development corporations and housing trust funds.
- Funding or donations for a "land bank," which will provide land for future habitat homes.

### *Services*

- Opportunities for bank participation on the boards of directors and lending committees of local community development corporations.

## Fair Lending Review

An analysis of 1999's public comments, consumer complaint information, and HMDA, small business, and small farm lending data was performed according to the OCC's risk-based fair lending approach. The analysis of these data revealed no basis for the OCC to conduct a comprehensive fair lending examination in connection with the CRA examination this year. The latest Fair Lending examination was performed in 1999.

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

FENB's performance under the Lending Test is rated "**Low Satisfactory.**" The bank's performance in the Los Angeles-Long Beach MSA is adequate. This rating is based on the following factors:

- FENB originated/purchased an adequate volume of small business loans during this evaluation period. Also affecting lending activity is the excellent volume of community development loans.
- FENB's geographic distribution of small business loans in the Los Angeles-Long Beach MSA is excellent.
- FENB's distribution of small business loans to businesses of different sizes is adequate.

The following analysis focuses solely on FENB's small business loans and community development loans in the Los Angeles-Long Beach MSA assessment area.

#### Lending Activity

*(Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.)*

FENB's lending activity for this evaluation period is adequate. This is based primarily on the bank's small business loan market share compared to its deposit share and the substantial volume of community development loans. Small business lending volumes significantly improved when compared to the previous 15-month period when far fewer loans were made. In addition, we considered contextual information affecting the bank's deposit and small business loan market shares.

An essential measure of the bank's lending activity is a comparison between loan market share/rank and deposit market share/rank in the full-scope assessment area. For FENB, this measure alone indicates adequate small business loan volume. As of June 30, 2000, the bank's deposit market share in the Los Angeles-Long Beach MSA was 0.38 percent, ranking them 36th out of 150 reporting institutions. By comparison, the small business loan market share by number of loans in 1999<sup>3</sup> was 0.04 percent (rank 60th) and 0.21 percent by dollar volume (also rank 60th).

Three lenders in the Los Angeles-Long Beach MSA market together account for 59 percent of all small business loans made in this assessment area. Their average loan size is slightly over \$6,000, which is indicative of a small business credit card product. FENB does not offer this product. The sheer volume of these small loans distorts the market share analysis based on the number of loans. Because of the types of small business loan products reported by institutions with the largest market share, the small business loan market share by dollar volume has a greater emphasis than market share by number of loans.

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<sup>3</sup> The most recent aggregate loan market data available is as of December 31, 1999.

A second contextual issue to consider is the bank's significant volume of foreign deposits and their effect on the deposit market share for the Los Angeles-Long Beach MSA assessment area. As of June 30, 2000, the bank reported \$525.3 million in deposits for Los Angeles County. Included in these deposits are the bank's foreign deposits, which we estimate at \$155 million or 30 percent of the bank's deposits in Los Angeles County. Based on examiner experience, this is a high percentage of foreign deposits for a community bank in Los Angeles. Excluding just half of these foreign deposits would decrease the bank's deposit market share from 0.38 percent to approximately 0.32 percent.

Because of their high dollar volume, community development loans have a positive affect on overall lending activity, raising performance to an "adequate" level. In the Los Angeles-Long Beach MSA assessment area, the bank originated seven community development loans totaling \$18.5 million. This represents 33 percent of the dollar volume of reportable loans. This is an exceptional volume. Refer to the detailed discussion of community development loans later in this section.

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

### ***HMDA***

The geographic distribution of HMDA loans is good. Of the 19 HMDA loans the bank reported for the Los Angeles-Long Beach MSA, 11 loans (58 percent) are for multifamily housing units. FENB originated 27 percent of these multifamily loans in low-income tracts and 36 percent in moderate-income tracts.

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

*(Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.)*

The geographic distribution of small business loans in the Los Angeles-Long Beach MSA is excellent. This is based on the bank's loan distribution compared to the distribution of businesses in the assessment area along with FENB's market share in low- and moderate-income communities compared to its overall market share.

As Table 5 shows, the distribution of small business loans in low-income geographies in the Los Angeles-Long Beach MSA greatly exceeds the percentage of businesses located in the same geographies. This is also true for the distribution of loans in moderate-income geographies. In addition, FENB's market share in low- and moderate-income geographies exceeds its overall market share. This supports the bank's concerted efforts to address the small business credit needs within the low- and moderate-income communities.

### ***Lending Gap Analysis***

We did not identify any unexplained conspicuous gaps in the geographic distribution of small business loans. Because the number of geographies in the Los Angeles-Long Beach MSA (1,652) greatly exceeds the total number of small business loans in the area (94), gaps exist. However, we determined that these gaps occur more frequently in the middle- and upper-income geographies rather than in low- and moderate-income geographies. Based on our analysis of geographies without small business loans, the percentage of low-income (94.6 percent) and moderate- income (94.7 percent) geographies without

loans is slightly less than the percentage of middle-income (95.2 percent) and upper-income (96.3 percent) geographies also without loans.

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

The vast majority of FENB's small business loans are located within its assessment areas. Of all the small business loans the bank originated during the evaluation period, 89 percent by number and 85 percent by dollar were to businesses within the five assessment areas. Additionally, all of the community development loans are within FENB's assessment areas.

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

### ***HMDA***

An analysis of the distribution of HMDA lending by income level of the borrower is not meaningful for multifamily housing because applicant income is not required to be collected for this type of loan.

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

*(Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.)*

FENB's distribution of small business loans to businesses of different sizes is adequate. This is based on the bank's percentage of loans to businesses with revenues of \$1 million or less compared to the percentage of total businesses of that size in the assessment area. We also considered differences in the bank's market share of loans to these smaller firms compared to FENB's overall market share. The average size of small business loans was also a factor.

In the Los Angeles-Long Beach MSA, 43.62 percent of the bank's small business loans are to businesses with revenues of \$1 million or less. This is substantially less than the 84.52 percent of businesses in the assessment area with revenues of \$1 million or less. The bank's percentage of loans to small businesses is also less than the market's percentage of loans to small businesses. Approximately 54 percent of all small business loans reported by all lenders in the market were to businesses with revenues of \$1 million or less. In 1999, the bank's market share of loans to small businesses was low at 0.04 percent. However, of the low loan volume FENB did, FENB was responsive to businesses that are small as indicated by a 0.04 percent overall market share. The other factor was average loan size. The average size of FENB's small business loans in 1999 was \$229,000. This is slightly higher than the market average of \$207,000 when excluding the three top small business loan reporters.

## **Community Development Lending**

*(Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.)*

FENB's community development lending performance is excellent, which positively impacts the overall Lending Test rating. The number and dollar amount of community development loans for this

evaluation period is very high. The loans are also responsive to the community's credit needs and are sometimes complex.

In the Los Angeles-Long Beach MSA, the bank originated seven community development loans totaling \$18.5 million. As a percentage of the Tier 1 Capital allocated<sup>4</sup> to the Los Angeles-Long Beach MSA, this represents 19.7 percent. This volume is especially significant given the short assessment period of 15 months rather than the normal 24-month period.

The community development loans are responsive to the community's credit needs with 61 percent focused on revitalizing and stabilizing low- and moderate-income communities, 33 percent providing essential services targeted to low- and moderate-income families, and 6 percent providing affordable housing. Two examples of FENB's community development loans are described below:

- FENB provided a \$6.3 million construction loan for a one-story commercial/retail building in downtown Los Angeles. The property is located in a low-income tract, which is also in a designated "empowerment zone." The building is divided into 23 units, which are rented to garment retailers and produce wholesalers. The small businesses renting the available units primarily employ unskilled, low- and moderate-income persons. The owner estimates that 150 permanent jobs were created.

This loan qualifies as community development based on the revitalization/ stabilization of a low-income community through job creation for low- and moderate-income persons. Flexible aspects of this loan include more lenient underwriting (no pre-leasing or collateral valuation required) and pricing concessions. FENB also streamlined the loan draw down system to benefit the borrower.

- FENB provided financing of \$5 million, which is part of a syndicated construction loan of \$32 million. Each of FENB's three loans represented one of the three phases of construction of a retail and entertainment project in the City of South Gate, Los Angeles County. The two anchor tenants in this project include a 20-screen movie theater complex with 108,000 square feet and a large ethnic food market with 107,000 square feet. The South Gate Redevelopment Agency is also loaning \$3 million toward the construction of this project. These loans revitalize and stabilize low- and moderate-income communities by providing essential services and providing permanent employment to low- and moderate-income persons.

While the facility is located in a middle-income tract on the border of South Gate and Downey, four of the six surrounding tracts in the City of South Gate are moderate-income. Most of the permanent jobs created from the theater complex will be unskilled and primarily benefit low- and moderate-income persons. The market will provide essential services to the surrounding population. Of all the families residing in these adjacent tracts, 51 percent are low- and moderate-income.

This loan is complex for FENB due to the surrounding environmental issues. The site was previously used for petroleum storage and the South Gate Redevelopment Agency had classified this site as a "redevelopment zone." The legal and environmental issues posed additional risk to

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<sup>4</sup> Tier 1 Capital is allocated between the bank's assessment areas based on the percentage distribution of deposits as of December 31, 2000. This allows us to compare the respective community development loans and investments to the Tier 1 Capital allocated to each assessment area.

the bank. FENB also provided more flexible financing by approving the loan on a non-recourse basis with a 27-month term. Traditional terms are on a recourse basis and limited to 24 months.

## Product Innovation and Flexibility

FENB sometimes provides flexible underwriting in their community development loans. Two of these examples are described in the “*Community Development Lending*” section.

## Conclusions for Areas Receiving Limited-Scope Reviews

*(Refer to Tables 1 through 11 in Appendix C for the facts and data that support these conclusions.)*

Based on limited-scope reviews, the bank’s performance under the Lending Test in the Alameda County and the San Francisco County assessment areas is not inconsistent with the bank’s overall lending performance.

Performance in the Orange County MSA is weaker than the bank’s overall lending performance. This is based primarily on the lower volume of small business loans relative to the deposit market share and the geographic distribution of small business loans. The market share of the number of small business loans was 0.01 percent (0.03 percent by dollar), which is significantly below the 0.18 percent deposit market share in 1999. The geographic distribution of small business loans is also weaker in the Orange County MSA in both low- and moderate-income areas. This did not affect the overall lending performance, as the Orange County MSA represents just 13 percent of total deposits and 9 percent of the total reportable small business loans.

Performance in the San Jose MSA assessment area is also weaker than the bank’s overall performance. Like the Orange County MSA, FENB’s 0.04 percent market share of the number of small business loans is below its deposit market share of 0.09 percent. The geographic distribution of small business loans is weaker in both the low- and moderate-income areas. In addition, FENB did not originate any community development loans in the San Jose MSA for this period. Performance in this assessment area did not affect the overall lending performance, as the San Jose MSA deposits are just 5 percent of total deposits and 5.8 percent of the reportable small business loans.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

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

FENB's performance under the Investment Test is rated "**High Satisfactory.**" The bank's performance in the Los Angeles-Long Beach MSA is good. This is based on the following factors:

- FENB has a good level of qualified investments and grants relative to the Tier 1 Capital of the bank. All of the investments benefited the assessment area.
- Investments and grants exhibit good responsiveness to the credit and community development needs of the community.

#### ***Dollar amount of qualified investments***

In the Los Angeles-Long Beach MSA, FENB has a good level of qualified investments, relative to its allocated Tier 1 Capital<sup>5</sup>. The Los Angeles-Long Beach MSA contains numerous opportunities for investment in community development. In this assessment area, the bank invested \$4.8 million toward programs that revitalize low- and moderate-income areas, provide affordable housing, or essential services targeted to low- and moderate-income individuals. These community development investments represent 5.06 percent of the allocated Tier 1 Capital. Most of these investments were made since the prior evaluation. Investments made in prior evaluation periods for this assessment area that are still outstanding total \$1.2 million.

#### ***Responsiveness of qualified investments to credit and community development needs***

Investments and grants exhibit good responsiveness to the credit and community development needs of the community, particularly the need for affordable housing. In the Los Angeles-Long Beach MSA, \$4 million or 83 percent of the invested dollars are for affordable housing. During the evaluation period, the bank reached its legal limit for additional investments in community development corporations. Most investments are not innovative or complex. However, management has taken a leadership role in an investment that will help revitalize and stabilize local economically depressed communities.

Examples of some of the investments that FENB made are shown below:

- Affordable Housing: FENB purchased \$10 million in U.S. Agency mortgage-backed securities that help finance mortgages to low- and moderate-income families in the assessment areas. We allocated \$3.2 million of the total investment to the Los Angeles-Long Beach MSA assessment area based on the location of the underlying mortgage loans. More than 75 percent of the underlying mortgages were to refinance existing mortgages.

Another example of investments that support affordable housing is FENB's \$1 million prior period investment in a statewide tax credit fund. Of the total, we allocated \$748,286 toward the

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<sup>5</sup> In evaluating the volume of investments, we allocated the Tier 1 Capital of the bank among the assessment areas based on the bank's percentage of deposits in each assessment area. Some investments have a regional or statewide impact and no information was available to determine the precise impact to each assessment area. In those instances, we estimated the impact to each assessment area by allocating the investment based on the bank's percentage of deposits in the area.



Los Angeles-Long Beach MSA based on this assessment area's share of FENB's deposits. The tax credit fund invests in affordable housing projects throughout California, which provide a source of quality housing to low- and moderate-income families through the federally supported program.

- Revitalization/Stabilization: The bank committed to invest \$3 million into a local development fund, in which the proceeds are being used toward the development of up to 15 commercial, industrial, and multifamily housing projects in low- and moderate-income neighborhoods in Los Angeles. The development of these projects will create 5,000 permanent jobs that will benefit low- and moderate-income individuals. This investment is complex, as it required more than one year of planning and searching for equity sponsors to close the deal. The City of Los Angeles and leaders from the private sector are sponsors of this fund. As of the evaluation date, FENB has paid \$278,825 into the fund. To date, the fund has raised \$85 million and has invested in a 290,000 square foot office redevelopment project in Hollywood.

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

*(Refer to Table 12 in Appendix C for the facts and data that support these conclusions.)*

Based on limited-scope reviews, the bank's performance under the Investment Test in the Alameda County, Orange County MSA, San Francisco County, and San Jose MSA assessment areas is stronger than the bank's overall performance under the Investment Test. The invested dollars in these assessment areas are high, when compared to the allocated Tier 1 Capital. This performance did not materially affect the overall Investment Test rating of the bank because collectively, these assessment areas only represent 21 percent of the bank's deposits.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

FENB's performance under the Service Test is rated “**High Satisfactory.**” The bank's performance in the Los Angeles-Long Beach MSA is good. This is based on the following factors:

- FENB has a good distribution of branches that are reasonably accessible to geographies and individuals of different income levels in its assessment area.
- FENB offers an adequate range of products and services to meet the needs of the community.
- FENB provides a good level of community development services, which are responsive to the needs of the assessment area and business community.

### Retail Banking Services

*(Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.)*

FENB has a good distribution of full-service branches among geographies of different income levels compared with the percentages of the population in the same geographies. The bank has seven branches in the Los Angeles-Long Beach MSA assessment area, including one branch in a low-income tract and two branches in moderate-income tracts. FENB's branch distribution in low-income tracts exceeds the demographic. The bank has 14.29 percent of its branches in low-income tracts compared with 9.02 percent of the population in those tracts. In moderate-income tracts, the bank has 28.57 percent of its branches compared with 26.69 percent of the population.

FENB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals. During the evaluation period, the bank relocated its branch in Monterey Park from one middle-income census tract to another middle-income census tract. In May 2000, the bank opened a new branch in Fremont, CA (Alameda County). Operating hours and services are consistent among the branches. Most of the branches are opened for Saturday banking, particularly in the low- and moderate-income tracts. Saturday banking is common for other financial institutions in the assessment area. In addition, most of FENB's branches are equipped with an automated teller machine (“ATM”) for 24-hour banking.

The bank offers an adequate range of products and services that are designed to help meet the needs of the assessment area. In addition, full-service branches are reasonably accessible to geographies and individuals of different income levels in the assessment area. FENB offers a variety of traditional banking products and services, which are standard and available at each branch location. The bank's lending focus is commercial and real estate lending. Consumers can also obtain personal loans, automobile loans, and residential real estate loans.

## Community Development Services

FENB has a good level of community development services that are responsive to the needs of the assessment area. Bank management encourages employees to participate in community activities. As of the evaluation date, FENB has 15 employees, or approximately 6 percent of the workforce, active in various activities designed to meet the needs of individuals and businesses of all income levels within the assessment area. It is also worth noting that the majority of the active employees are those at the level of vice president or above. Examples of FENB's participation during this evaluation period include:

- The bank's President and Chief Executive Officer is a director and treasurer of a Los Angeles-based organization that provides funding for projects in federal empowerment zones and enterprise communities in Los Angeles County. Through the organization's real estate fund, it will develop up to 15 commercial, industrial, and multifamily housing projects in low- and moderate-income neighborhoods in Los Angeles while creating 5,000 permanent jobs that will benefit low- and moderate-income individuals. This organization is related to the local development fund that was previously discussed in the "*Responsiveness of qualified investments to credit and community development needs*" section.
- Members of FENB management participated in a banking seminar in conjunction with the nation's leading provider of economic education for low- and moderate-income individuals. The seminar is a youth economic literacy program aimed at teaching more than 38,000 youth from low- and moderate-income families the fundamentals of banking, including deposit accounts, credit, and investment. Because of FENB's efforts, approximately 200 local students received financial literacy training.
- FENB's SBA Department conducted 12 financial seminars in 2000. The seminars focused on educating women, minorities, and individuals living in low- and moderate-income geographies on how to start a small business and how to qualify for a SBA loan. The bank conducted these seminars in several areas of Los Angeles County, including the San Fernando Valley, East Los Angeles, and Inglewood.

## Conclusions for Areas Receiving Limited-Scope Reviews

*(Refer to Table 13 in Appendix C for the facts and data that support these conclusions.)*

Based on limited-scope reviews, the performance of the bank under the Service Test in Alameda County, Orange County MSA, San Francisco County, and San Jose MSA is not inconsistent with the bank's overall High Satisfactory performance under the Service Test.

## Appendix A: Scope of Examination

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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 nonmetropolitan areas that received comprehensive examination review (designated by the term “Full-Scope”) and those that received a less comprehensive review (designated by the term “Limited-Scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (07/01/99 to 09/30/00) Investment and Service Tests and CD Loans: (10/26/99 to 01/08/01)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Far East National Bank Los Angeles, California	Home mortgage, small business loans, community development loans, investments.	
<b>Affiliate</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Far East Capital Corporation	Subsidiary	Small business loans.
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
Los Angeles-Long Beach MSA	Full-Scope	
Alameda County	Limited-Scope	
Orange County MSA	Limited-Scope	
San Francisco County	Limited-Scope	
San Jose MSA	Limited-Scope	

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

### Los Angeles-Long Beach MSA

Demographic Information for Full-Scope Area: Los Angeles-Long Beach MSA						
Demographic Characteristics	#	Low % Of #	Moderate % Of #	Middle % Of #	Upper % Of #	NA* % Of #
Geographies (Census Tracts/BNAs)	1,652	8.90	22.82	32.93	34.20	1.15
Population by Geography	8,863,164	9.02	26.69	33.93	30.17	0.19
Owner-Occupied Housing by Geography	1,440,864	2.34	14.25	34.73	48.68	0.00
Business by Geography	344,027	8.95	18.85	33.49	38.39	0.33
Farms by Geography	3,108	2.54	11.55	37.16	48.55	0.19
Family Distribution by Income Level	2,036,104	22.82	16.85	19.70	40.63	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	807,690	15.16	37.51	32.47	14.86	0.00
Median Family Income		39,035	Median Housing Value		223,825	
HUD Adjusted Median Family Income for 2000		52,100	Unemployment Rate (1990 US Census)		4.94%	
Households Below Poverty Level		11.87%				

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census and 2000 HUD updated MFI.

The Los Angeles-Long Beach MSA is a complex, highly diverse urban area that includes 88 cities and a number of unincorporated areas. Los Angeles-Long Beach MSA is the largest and most rapidly growing metropolitan region in the State of California. Within the MSA is the City of Los Angeles, which is also the largest city in Southern California. According to the U.S. Census for 2000, the City of Los Angeles has a population of 3.8 million and the MSA has a population of 8.9 million.

Banking competition is strong in the MSA with 224 institutions competing for customer deposits. FENB has 0.28 percentage market share of the FDIC insured deposits available in the county as of June 30, 1999. Major banking institutions include Bank of America, Washington Mutual Bank, Wells Fargo Bank, and Union Bank of California. FENB considers its major competitors to be the major institutions along with the community banks and minority banks servicing 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 government assistance, many of the businesses destroyed during the disturbances have not reopened. Consequently, jobs were lost. This created further economic dislocations. The Los Angeles-Long Beach MSA economy has now rebounded. The unemployment rate has continued to decline. The Los Angeles County Department of Regional Planning reported a 5.4 percent unemployment rate for 2000.

The largest industries in order of number of employees 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 many business opportunities within the MSA. According to Dun & Bradstreet statistics for 1999, 75 percent of the businesses and farms located within the MSA have annual sales of less than \$1 million.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; 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 MSA/assessment area.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- 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 rank and 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 Refinance Loans** - See Table 2.
- Table 5. 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 rank and market share information based on the most recent aggregate market data available.
- Table 6. 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 rank and market share information based on the most recent aggregate market data available.
- Table 7. 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 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 Home Improvement Loans** - See Table 7.

- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. 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 11. 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 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area. 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, tracked, and recorded by the bank's financial reporting system.
- Table 13. 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 MSA/assessment area. The table also presents data on branch openings and closings in each MSA/assessment area.



**Table 1. Lending Volume**

LENDING VOLUME												Evaluation Period: 07/01/1999 TO 09/30/2000	
MSA/Assessment Area	% of Rated Area Deposits in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development		Total Reported Loans		% Of Rated Area Loans (#) in AA	
		#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)		
<b>Full Scope</b>													
Los Angeles-Long Beach	79.32	19	10,187	94	28,253	0	0	7	18,538	120	56,978	63.49	
<b>Limited Scope</b>													
Alameda County AA	1.14	1	938	20	2,449	0	0	2	7,000	23	10,387	12.17	
Orange County MSA	7.25	5	1,755	11	5,919	0	0	1	1,945	17	9,619	8.99	
San Francisco County AA	6.14	5	6,708	12	4,720	0	0	1	800	18	12,228	9.52	
San Jose MSA	6.16	0	0	11	3,950	0	0	0	0	11	3,950	5.82	

\*Deposit Data as of December 31,2000

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

Geographic Distribution: HOME PURCHASE																Evaluation Period: 07/01/1999 TO 09/30/2000	
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		Overa ll	Low	Mod	Mid	Upp	#	% Of Total**	
<b>Full Scope</b>																	
Los Angeles-Long Beach MSA	2.34	0.00	14.25	0.00	34.73	33.33	48.68	66.67	366	0.00	0.02	0.00	0.00	0.00	6	100.00	
<b>Limited Scope</b>																	
Alameda County AA	5.72	0.00	14.17	0.00	47.82	0.00	32.28	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00	
Orange County MSA	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	
San Francisco County AA	3.53	0.00	20.95	0.00	54.69	0.00	20.83	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00	
San Jose MSA	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	

\*Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

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

Geographic Distribution: HOME IMPROVEMENT										Evaluation Period: 07/01/1999 TO 09/30/2000						
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		Overa II	Low	Mod	Mid	Upp	#	% Of Total**
<b>Full Scope</b>																
Los Angeles-Long Beach MSA	2.34	0.00	14.25	0.00	34.73	0.00	48.68	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00
<b>Limited Scope</b>																
Alameda County AA	5.72	0.00	14.17	0.00	47.82	0.00	32.28	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00
Orange County MSA	0.77	0.00	17.19	0.00	45.08	100.00	36.96	0.00	0	0.00	0.00	0.00	0.00	0.00	1	50.00
San Francisco County AA	3.53	0.00	20.95	0.00	54.69	0.00	20.83	100.00	44	0.05	0.00	0.00	0.00	0.34	1	50.00
San Jose MSA	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

\*\* Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 07/01/1999 TO 09/30/2000						
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		Overa II	Low	Mod	Mid	Upp	#	% Of Total**
<b>Full Scope</b>																
Los Angeles-Long Beach MSA	2.34	0.00	14.25	0.00	34.73	50.00	48.68	50.00	437	0.00	0.00	0.00	0.00	0.00	2	40.00
<b>Limited Scope</b>																
Alameda County AA	5.72	0.00	14.17	0.00	47.82	0.00	32.28	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00
Orange County MSA	0.77	0.00	17.19	0.00	45.08	0.00	36.96	100.00	335	0.00	0.00	0.00	0.00	0.01	3	60.00
San Francisco	3.53	0.00	20.95	0.00	54.69	0.00	20.83	0.00	248	0.01	0.00	0.03	0.00	0.00	0	0.00

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County AA																
San Jose MSA	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

\*Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

**Table 5. Geographic Distribution: Small Loans to Businesses**

Geographic Distribution: SMALL BUSINESS										Evaluation Period: 07/01/1999 TO 09/30/2000						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% Of Business es	% Bank Loans	% Of Business es	% Bank Loans	% Of Business es	% Bank Loans	% Of Business es	% Bank Loans		Overa ll	Low	Mod	Mid	Upp	#	% Of Total**
<b>Full Scope</b>																
Los Angeles-Long Beach MSA	8.95	13.83	18.85	24.47	33.49	34.04	38.39	27.66	60	0.04	0.05	0.09	0.03	0.03	94	63.51
<b>Limited Scope</b>																
Alameda County AA	16.42	5.00	18.26	10.00	43.23	65.00	21.26	20.00	78	0.01	0.00	0.00	0.01	0.00	20	13.51
Orange County MSA	4.28	0.00	27.32	18.18	39.12	27.27	24.50	9.09	72	0.01	0.00	0.02	0.00	0.03	11	7.43
San Francisco County AA	30.17	16.67	24.22	33.33	25.34	25.00	20.24	25.00	72	0.01	0.00	0.03	0.00	0.00	12	8.11
San Jose MSA	6.19	0.00	23.12	18.18	51.93	36.36	18.54	45.45	75	0.01	0.00	0.02	0.01	0.00	11	7.43

\*Based on 1999 Aggregate Small Business Data only. Market rank is for all income categories combined.

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

**Table 6. Geographic Distribution: Small Loans to Farms**

Geographic Distribution: SMALL FARM										Evaluation Period: 07/01/1999 TO 09/30/2000						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans	
	% Of Farms	% Bank Loans	% Of Farms	% Bank Loans	% Of Farms	% Bank Loans	% Of Farms	% Bank Loans		Overa ll	Low	Mod	Mid	Upp	#	% Of Total**
<b>Full Scope</b>																
Los Angeles-Long Beach MSA	2.54	0.00	11.55	0.00	37.16	0.00	48.55	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00
<b>Limited Scope</b>																
Alameda County AA	8.77	0.00	13.51	0.00	44.01	0.00	33.43	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00
Orange County MSA	3.16	0.00	23.57	0.00	42.41	0.00	29.47	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00
San Francisco County AA	15.23	0.00	25.93	0.00	37.45	0.00	20.99	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00
San Jose MSA	4.11	0.00	22.62	0.00	52.96	0.00	20.31	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00

\*Based on 1999 Aggregate Small Business Data only. Market rank is for all income categories combined.

“ Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HMDA HOME PURCHASE										Evaluation Period: 07/01/1999 TO 09/30/2000						
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	
	% Bank Loans**	% Bank Loans*	% Of Families	% Bank Loans*	% Of Families	% Bank Loans*	% Of Families	% Bank Loans*		Overa ll	Low	Mod	Mid	Upp	#	% Of Total** *
<b>Full Scope</b>																
Los Angeles-Long Beach MSA	22.82	0.00	16.85	0.00	19.70	16.67	40.63	83.33	366	0.00	0.00	0.00	0.00	0.01	6	100.00
<b>Limited Scope</b>																
Alameda County AA	22.83	0.00	18.21	0.00	23.45	0.00	35.51	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00
Orange County MSA	18.65	0.00	19.00	0.00	23.57	0.00	38.77	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00
San Francisco County AA	28.06	0.00	20.53	0.00	21.26	0.00	30.15	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00
San Jose MSA	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

\*Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\*As a percentage of loans with borrower income information available.

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

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

Borrower Distribution: HOME IMPROVEMENT										Evaluation Period: 07/01/1999 TO 09/30/2000						
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	
	% Bank Loans**	% Bank Loans*	% Of Families	% Bank Loans*	% Of Families	% Bank Loans*	% of Families	% Bank Loans*		Overa ll	Low	Mod	Mid	Upp	#	% Of Total** *
<b>Full Scope</b>																
Los Angeles-Long Beach MSA	22.82	0.00	16.85	0.00	19.70	0.00	40.63	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00
<b>Limited Scope</b>																
Alameda County AA	22.83	0.00	18.21	0.00	23.45	0.00	35.51	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00
Orange County MSA	18.65	0.00	19.00	0.00	23.57	0.00	38.77	100.00	0	0.00	0.00	0.00	0.00	0.00	1	50.00
San Francisco County AA	28.06	0.00	20.53	0.00	21.26	0.00	30.15	100.00	44	0.05	0.00	0.00	0.00	0.12	1	50.00

San Jose MSA	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
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Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

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

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 07/01/1999 TO 09/30/2000						
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 Mortgage Refinance Loans	
	% Bank Loans**	% Bank Loans*	% Of Families	% Bank Loans*	% Of Families	% Bank Loans*	% Of Families	% Bank Loans*		Overa ll	Low	Mod	Mid	Upp	#	% Of Total**
<b>Full Scope</b>																
Los Angeles-Long Beach MSA	22.82	0.00	16.85	50.00	19.70	0.00	40.63	0.00	437	0.00	0.00	0.01	0.00	0.00	2	40.00
<b>Limited Scope</b>																
Alameda County AA	22.83	0.00	18.21	0.00	23.45	0.00	35.51	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00
Orange County MSA	18.65	0.00	19.00	0.00	23.57	0.00	38.77	100.00	335	0.00	0.00	0.00	0.00	0.01	3	60.00
San Francisco County AA	28.06	0.00	20.53	0.00	21.26	0.00	30.15	0.00	248	0.01	0.00	0.00	0.00	0.00	0	0.00
San Jose MSA	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

Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

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

**Table 10. Borrower Distribution: Small Loans to Businesses**

Borrower Distribution: SMALL BUSINESS			Evaluation Period: 07/01/1999 TO 09/30/2000						
MSA/Assessment Area	Businesses With Revenues Of \$1 million or less		% Distribution of Loans by Original Amount Regardless of Business Size			Market Share*			Total Small Loans to Businesses
	% Business**	% Bank Loans***	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less	#	% Of Total****
<b>Full Scope</b>									
Los Angeles - Long Beach MSA	84.52	43.62	34.04	28.72	37.23	0.04	0.04	94	63.51
<b>Limited Scope</b>									
Alameda County AA	84.53	25.00	55.00	35.00	10.00	0.01	0.01	20	13.51
Orange County MSA	83.45	54.55	27.27	0.00	72.73	0.01	0.02	11	7.43
San Francisco County AA	85.50	50.00	8.33	25.00	66.67	0.01	0.00	12	8.11
San Jose MSA	84.20	72.73	27.27	18.18	54.55	0.01	0.02	11	7.43

\* The market consists of all other Small Business reporters in FENB's assessment area and is based on 1999 Aggregate Small Business Data only

\*\* Businesses with sales of \$1 million or less as a percentage of all businesses.

\*\*\* 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 13% of small loans to businesses originated and purchased by the bank.

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



**Table 11. Borrower Distribution: Small Loans to Farms**

Borrower Distribution: SMALL FARM			Evaluation Period: 07/01/1999 TO 09/30/2000						
MSA/Assessment Area	Businesses With Revenues Of \$1 million or less		% Distribution Loans by Original Amount Regardless of Farm Size			Market Share*		Total Small Farm Loans	
	% Farms**	% Bank Loans***	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less	#	% Of Total****
<b>Full Scope</b>									
Los Angeles - Long Beach MSA	92.15	0.00	0.00	0.00	0.00	0.00	0.00	0	0.00
<b>Limited Scope</b>									
Alameda County AA	92.06	0.00	0.00	0.00	0.00	0.00	0.00	0	0.00
Orange County MSA	89.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0.00
San Francisco County AA	90.53	0.00	0.00	0.00	0.00	0.00	0.00	0	0.00
San Jose MSA	91.00	0.00	0.00	0.00	0.00	0.00	0.00	0	0.00

\*The market consists of all other Small Farm reporters in FENB's assessment area and is based on 1999 Aggregate Small Business Data only

\*\* Farms with revenues of \$1 million or less as a percentage of all farms.

\*\*\* As a percentage of loans with borrower income information available.

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

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS			Evaluation Period: 10/26/1999 TO 01/08/2001						
MSA/Assessment Area	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% Of Total	#	\$(000's)
<b>Full Scope</b>									
Los Angeles-Long Beach MSA	4	1,224	9	3,539	13	4,763	37.27	1	2,721
<b>Limited Scope</b>									
Alameda County AA	2	396	4	809	6	1,206	9.44	0	0
Orange County MSA	1	68	4	1,977	5	2,046	16.01	0	0
San Francisco County AA	2	265	3	382	5	647	5.06	0	0
San Jose MSA	2	1,940	5	2,179	7	4,119	32.23	0	0

\*"Prior Period Investments" means investments made in a previous evaluation period that remains outstanding.

\*\* "Unfunded Commitments" means legally binding commitments that are reported on Report of Condition Schedule L-"Off-Balance Sheet Items."



**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS														Evaluation Period: 07/01/1999 TO 09/30/2000			
MSA/Assessment Area	Deposits	Branches						Branch Openings/Closings						Population			
	% Of Rated Area Deposits in MSA/AA	# Of Bank Branches	% Of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies (%)				# Of Branch Closings	# Of Branch Openings	% Of the Population with Each Geography*				% Of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Scope</b>																	
Los Angeles-Long Beach MSA	79.32	7	53.85	14.29	28.57	42.86	14.29	1	1	0	0	33.93	0	9.02	26.69	33.93	30.17
<b>Limited Scope</b>																	
Alameda County AA	1.14	1	7.69	0.00	0.00	0.00	0.00	0	1	0	0	0	0	12.18	21.65	42.53	22.93
Orange County MSA	7.25	2	15.38	50.00	0.00	0.00	0.00	0	0	0	0	0	0	3.61	26.73	42.01	27.64
San Francisco County AA	6.14	2	15.38	100.00	0.00	0.00	0.00	0	0	0	0	0	0	14.45	27.91	44.02	13.54
San Jose MSA	6.16	1	7.69	0.00	100.00	0.00	0.00	0	0	0	0	0	0	3.91	21.23	54.69	20.18

\*The percentage of the population in the MSA/AA that resides in these geographies.