



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **Public Disclosure**

April 04, 2005

# **Community Reinvestment Act Performance Evaluation**

**California National Bank  
Charter Number: 23543**

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Los Angeles, CA 90012**

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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 **Outstanding**.

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

Performance Levels	California National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			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 bank originated or purchased a good number and dollar volume of home mortgage and community development loans and an adequate number and dollar volume of small loans to businesses in its largest full-scope assessment area.
- CNB originated or purchased an adequate number and dollar volume of home mortgage loans and small business loans within its second largest assessment area.
- The overall geographical distribution of home mortgage loans and small loans to businesses is good.
- The overall distribution of home mortgage loans to borrowers of different income levels is good. The distribution of loans to small businesses is adequate.
- Community development lending is excellent, which has a positive impact on the Lending Test rating.
- The bank has an excellent level of qualified investments and grants that are responsive to the identified affordable housing, small business credit, and community service needs of the assessment areas. Two investments are innovative.
- The distribution of branches is good. Branches are accessible to low- and moderate-income geographies and individuals of different incomes.
- The bank provides community development services that are responsive and supportive of the community development needs in the assessment area.

## 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 MSA/assessment area.

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

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

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

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

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

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

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

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

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

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

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

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

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

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MSA/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 Division (MD):** A county or group of counties within a Core Based Statistical Area that contains a core with a population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** A Core Based Statistical Area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Micropolitan Statistical Area:** A Core Based Statistical Area associated with at least one urban cluster that has a population of at least 10,000, but less than 50,000. The Micropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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

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

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

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

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

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

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

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. 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 1 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

California National Bank (“CNB” or the “bank”) is a full-service intrastate banking company headquartered in Los Angeles, California. CNB is a wholly owned subsidiary of the FBOP Corporation (“FBOP”), which is headquartered in Oak Park, Illinois. In early 1990, FBOP owned only one financial institution, the First Bank of Oak Park. Today, FBOP is a multi-bank holding company with nearly \$13 billion in assets and operates 12 financial institutions in Arizona, California, Illinois, and Texas.

FBOP’s presence in California grew rapidly when its subsidiary, Regency Savings Bank (“Regency”) in Naperville, Illinois, acquired Los Angeles-based Torrance Bank in July 1996. In November 1996, Regency also acquired Topa Savings and Topa Thrift and Loan, both based in Los Angeles. With these acquisitions, Regency operated six branches in the Los Angeles area and began originating single-family residential mortgage loans.

When FBOP obtained a national bank charter for CNB, Regency sold its six branches and related assets and liabilities to CNB. CNB opened on January 2, 1998, with \$689 million in total assets, total loans of \$511 million, and deposits of \$632 million. The bank has grown largely through mergers with People’s Bank of California (“Peoples”) and Fidelity Federal Bank (“Fidelity”); both former troubled federal savings banks. In May 2001, FBOP acquired Peoples and merged it into CNB in November 2001. The following month, FBOP acquired Fidelity and merged it into CNB in October 2002. These acquisitions increased CNB’s market presence in Los Angeles County and expanded the bank’s service area to Orange and Ventura Counties.

Since CNB’s last CRA examination as of November 4, 2002, the bank grew from 59 branches to 64 branches with total assets of nearly \$5.2 billion. In its Consolidated Report of Condition and Income as of December 31, 2004, CNB reported net Tier 1 Capital of \$485.6 million. The net Tier 1 Capital includes approximately \$39 million in deferred tax assets and other intangible assets such as acquisition costs and goodwill. Tier 1 Capital represents 11.74 percent of the bank’s risk-weighted assets.

CNB’s three assessment areas are the Los Angeles-Long Beach-Glendale Metropolitan Division (“Los Angeles County”), the Santa Ana-Anaheim-Irvine Metropolitan Division (“Orange County”), and the Oxnard-Thousand Oaks-Ventura Metropolitan Statistical Area (“Ventura County”). The assessment areas are highly competitive with numerous banks and other financial service providers competing for business. The largest banks offering business and retail products in the market area are Bank of America, Washington Mutual Bank, Wells Fargo Bank, and Union Bank of California. There are also several smaller mid-sized banks including Bank of the West, California Bank and Trust, and City National Bank.

CNB’s main branch is located in downtown Los Angeles. In addition to the main branch, CNB operates 63 branches in the three assessment areas. The bank has an automated teller machine (“ATM”) at each branch except the Brentwood office, which is in an upper-income area. Please refer to Table 15 in Appendix C for the distribution of branches.

As of December 31, 2004, CNB’s loan portfolio comprised 67 percent of total assets. Total loans included commercial real estate (40 percent), multifamily residential loans (28 percent), construction and development loans (22 percent), one-to-four family real estate mortgages (8 percent), commercial/industrial loans (2 percent), and consumer loans (less than 1 percent).

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

This is CNB's second CRA review under the large bank evaluation criteria. At the last CRA examination, the OCC assigned CNB a rating of "Satisfactory."

# Scope of the Evaluation

## Evaluation Period/Products Evaluated

This performance evaluation considers all of the bank's home mortgage lending and loans to small businesses from July 1, 2002, through December 31, 2004. The prior performance evaluation considered home mortgage and small business lending through June 30, 2002. The bank did not originate or purchase any small loans to farms during the evaluation period. We also considered any community development loans, qualified investments, and community development services since the last evaluation, November 5, 2002, through April 4, 2005, date of the current evaluation. Please refer to Appendix A for additional details of the evaluation scope. Because of changes in demographic data from the 2000 U.S. Census and other changes to MSA boundaries in 2004, the Standardized Tables in Appendix C are presented separately for each year. However, Table 1A has been provided to show a summary of all lending for the evaluation period.

## Data Integrity

During March 2005, the OCC performed a data integrity examination to determine the accuracy of the bank's home mortgage lending data that is required to be reported publicly pursuant to the Home Mortgage Disclosure Act ("HMDA") as well as the lending data for small loans to businesses. The data integrity examination revealed several errors in reporting small loans to businesses. Most of the reporting errors occurred with the 2004 reporting period. As a result, bank management corrected all errors and resubmitted the 2004 data. The revised data was used in this evaluation. The OCC also reviewed the bank's community development loans, qualified investments, and community development services to ensure each activity has community development as its primary purpose. Some items submitted by the bank for consideration were excluded because they did not meet the definition or purpose of community development. Additionally, the bank provided loans originated in 2004 that meet the definition of community development but were not reported. The aggregate number and dollar amount of these community development loans will be included in the bank's public file.

## Selection of Areas for Full-Scope Review

Two of the bank's three assessment areas received full-scope reviews. The assessment areas receiving full-scope reviews are (1) Los Angeles-Long Beach-Glendale Metropolitan Division ("Los Angeles County") and (2) Santa Ana-Anaheim-Irvine Metropolitan Division ("Orange County"). We evaluated the Oxnard-Thousand Oaks-Ventura MSA ("Ventura County") as a limited-scope assessment area. Refer to the "Scope" section in Appendix A for additional details regarding selection of areas for full-scope reviews.

## Ratings

CNB's overall rating is based primarily on those areas that received full-scope reviews. The Los Angeles County assessment area received the most weight in arriving at the overall rating. This assessment area accounted for over 76 percent of the bank's lending within all assessment areas and 72

percent of its deposits. Los Angeles County is also home to over 10 million residents, which represents 73 percent of the residents in the bank's three assessment areas. In arriving at the bank's overall record of performance, examiners evaluated activities under the Lending, Investment, and Service Tests. The rating method is structured such that the Lending Test weighs the most of the three tests. The analyses of lending to small businesses is not weighted heavily in the overall Lending Test as small loans to businesses in full-scope assessment areas represented just 9 percent of all reportable lending during the evaluation period. Within the HMDA-reportable loans, we placed more weight on multifamily, home refinance, and home improvement lending and less weight on home purchase lending based on overall volumes for each category and CNB's focus on multifamily lending. Home purchase lending represented just 7 percent of all home mortgage loans reported during the evaluation period. While considering performance in 2002 and 2003, slightly more weight was given to lending performance in 2004 to reflect the impact of several new mortgage products targeted to low- and moderate-income borrowers. In addition, we gave considerable weight to community development lending.

## **Other**

We reviewed information obtained through interviews with four community organizations within the assessment areas. The organizations identified affordable housing and small business lending as the primary credit needs of the assessment areas. Financial literacy and homeownership education were also considered significant community development needs.

## **Fair Lending Review**

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

# Conclusions with Respect to Performance Tests

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "**Outstanding.**" Based on full-scope reviews, the bank's performance in the Los Angeles-Long Beach-Glendale MD (Los Angeles County) is excellent; and in the Santa Ana-Anaheim-Irvine MD (Orange County), it is good. The key findings that support this rating include:

- CNB originated or purchased a good number and dollar volume of home mortgage and community development loans, and an adequate number and dollar volume of small business loans within Los Angeles County.
- CNB originated or purchased an adequate number and dollar volume of home mortgage loans and small business loans within Orange County.
- The geographic distributions of home mortgage loans and small loans to businesses in low- and moderate-income geographies in Los Angeles County and Orange County are good.
- The distributions of home mortgage loans to low- and moderate-income borrowers within Los Angeles County and Orange County are good. The overall distribution of loans to small businesses is adequate.
- Community development lending is excellent, which positively impacted the Lending Test rating.

### Lending Activity

*Refer to Tables 1 and 1A Lending Volume in Appendix C for the facts and data used to evaluate the bank's lending activity.*

During the evaluation period, the bank originated or purchased a good number and dollar volume of home mortgage and community development loans, and an adequate number and dollar volume of small business loans within its largest full-scope assessment area. The bank originated or purchased an adequate number and dollar volume of home mortgage loans and small business loans within its second largest assessment area. Our assessment is based in part on the bank's level of lending relative to its level of deposits in each assessment area, with primary emphasis on multifamily lending. Management attempts to meet the CRA needs of its assessment areas by originating and purchasing multifamily loans that specifically target the affordable housing needs of LMI individuals and families. This lending activity is very responsiveness to one of the assessment areas' most critical credit needs. As indicated by the significant increase since the last CRA examination, multifamily lending is a major focus for the bank. Management stated that CNB plans to continue to increase its multifamily lending through originations and purchases of multifamily loan pools. In assessing the level of lending activity, we also

considered performance contextual information, including corporate structure, business strategy, major products, distribution channels, and targeted markets.

Between July 1, 2002, and December 31, 2004, CNB originated or purchased 1,995 home mortgage and small business loans totaling \$632.7 million within its three assessment areas. Approximately 84 percent of the number and 74 percent of the dollar amount of CNB's reported loans were home mortgage related loans. Of the number of home mortgage loans, approximately 7 percent were for home purchase, 24 percent for home improvement, 50 percent for home refinance, and 18 percent for multifamily (based on 2002 and 2003 loan data only). Due to recent changes in the HMDA reporting requirements, multifamily loans originated or purchased during 2004 are included in the home purchase, home refinance, and home improvement numbers. The bank also originated or purchased 149 community development loans totaling \$192 million in its assessment areas.

CNB does not have any significant market share of deposits or loans in either assessment area. According to the Federal Deposit Insurance Corporation ("FDIC") as of June 30, 2004, the bank ranked 13<sup>th</sup> in deposit market share among 133 depository financial institutions in Los Angeles County giving it a 1.54 percent market share. In Orange County, the bank's deposit market share was 1.75 percent, ranking it 13<sup>th</sup> among 89 depository financial institutions operating in Orange County. CNB's market shares for HMDA loans (except for multifamily loans) and loans to small businesses are significantly less than one percent. The loan market shares are used to put lending activity into perspective. Due to the low market shares, they are not meaningful for the geographic and borrower income distribution analyses. In large part, the low market shares reflect the intense loan competition in the bank's assessment areas. Very large mortgage lenders, including Countrywide Home Loans, Washington Mutual Bank, Bank of America, Wells Fargo Home Mortgage, Chase Manhattan, GMAC, and CitiGroup, dominate the market in home mortgage lending, capturing a significant market share.

#### *Los Angeles-Long Beach-Glendale MD (Los Angeles County)*

Lending activity in Los Angeles County is good. During the evaluation period, CNB reported it originated or purchased 2,144 home mortgage loans, small loans to businesses, and community development loans within all assessment areas. Lending in Los Angeles County accounted for 77 percent of the total. Of the 1,648 reported loans in Los Angeles County, 84 percent were home mortgage loans, 8 percent were small loans to businesses, and 8 percent were community development loans.

In home mortgage lending (including loans for home purchase, refinance, and home improvement purposes), the bank ranked 182 out of 977 mortgage lenders within Los Angeles County during 2003, based on the latest peer data available. Its market share of home mortgage loans by number of originations and purchases was 0.05 percent. Loan market share data for all home mortgage loan products, with the exception of multifamily mortgage loans, is well below 1 percent and is not meaningful. While CNB's market share of all mortgage lending is lower than its 1.54 percent market share for deposits, its market share for multifamily home mortgage lending compares favorably at 1.53 percent.

Loans for home refinance purposes (including loans secured by multifamily properties) represented the majority of the total home mortgage loans the bank originated or purchased. CNB reported 711 home refinance loans totaling \$247.5 million. While the bank originated far more loans for home refinance purposes in 2003 than for home purchase or home improvement purposes, it only achieved a market share of 0.04 percent in Los Angeles County, ranking it 197 among all mortgage lenders. The higher

numbers of home refinance loans primarily resulted from higher demand for home refinance loans during the past few years as interest rates remained low. Despite the higher volume of refinance loans, the bank's market share did not improve significantly because it operates in a highly competitive market.

In Los Angeles County, CNB originated or purchased 102 home purchase loans representing 7 percent of HMDA-reportable loans. In 2003, its market share of home purchase lending was just 0.01 percent.

CNB originated or purchased 270 home improvement loans, which represent 19 percent of its HMDA-reportable loans. Its overall market share of home improvement loans was 0.50 percent.

In 2002 and 2003, the bank was successful in originating or purchasing larger volumes of multifamily loans, than any other type of mortgage loan product. During this period, CNB originated or purchased 304 loans for multifamily purposes. In 2004, CNB originated an additional 228 multifamily loans that were reported as home purchase or home refinance loans due to changes in reporting requirements. Based on 2003 market share data for Los Angeles County, the bank ranked 19<sup>th</sup> of 111 mortgage lenders offering multifamily loans and it achieved a market share of 1.53 percent. See "Community Development Lending" for additional information.

CNB originated or purchased 132 small loans to businesses in Los Angeles County. Lending levels for small loans to businesses do not compare well to the performance of other lenders in the market. Based on market share data for 2003, the bank ranked 70<sup>th</sup> out of 264 commercial lenders. CNB's overall market share is insignificant at 0.01 percent.

#### *Santa Ana-Anaheim-Irvine MD (Orange County)*

Lending activity in Orange County accounted for 20 percent of the total number of loans originated or purchased during the evaluation period and is adequate. Of the 418 reported loans for Orange County, home mortgage loans accounted for 85 percent, small loans to businesses accounted for 11 percent, and community development loans accounted for the remaining 4 percent.

In home mortgage lending in Orange County, CNB ranked 204<sup>th</sup> out of 811 mortgage lenders, giving it a market share of 0.03 percent versus a deposit market share of 1.75 percent. In fact, loan market share for all home mortgage loan products, with the exception of multifamily home loans, is well below 1 percent and is not meaningful. Again, the low market share is reflective of the CNB's focus on multifamily lending.

Home refinance lending (including multifamily) accounted for about half of CNB's home mortgage lending activity in the county. Of the 353 home mortgage loans reported during the evaluation period, 172 loans or 49 percent were home refinance loans totaling \$48.7 million. CNB's overall market share of home refinance loans in Orange County during 2003 was 0.02 percent.

In Orange County, CNB originated or purchased 28 home purchase loans (including multifamily) during the evaluation period representing 8 percent of HMDA-reportable loans. In 2003, its market share of home purchase lending was just 0.01 percent.

CNB originated or purchased 131 home improvement loans, which represent 37 percent of its HMDA-reportable loans. Its overall market share of home improvement loans was 0.50 percent.

During 2002 and 2003, CNB originated or purchased 22 loans for multifamily purposes. In 2004, the bank originated 28 additional multifamily loans. However, due to the changes in reporting requirements, these loans were reported as home purchase and home refinance loans. In Orange County, CNB ranked 18<sup>th</sup> of 68 mortgage lenders offering multifamily loans during 2003 and it achieved a market share of 0.84 percent. CNB's multifamily lending is helping to meet the housing needs of low- and moderate-income persons. See "Community Development Lending" for additional information.

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

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

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

The overall geographic distributions of home mortgage loans in low- and moderate-income census tracts in Los Angeles County and Orange County are good. As noted previously, most weight was placed on multifamily lending, followed by home refinance and home improvement lending.

#### *Los Angeles-Long Beach-Glendale MD (Los Angeles County)*

The geographic distribution of home mortgage loans in low- and moderate-income census tracts in Los Angeles County is good.

The geographic distribution of home purchase loans in Los Angeles County is excellent, based primarily on performance in 2004. CNB's distribution of home purchase loans exceeds the demographics in low- and moderate-income census tracts in 2004 and the distribution exceeds the demographics in moderate-income census tracts in 2002 and 2003. The geographic distribution was below the demographics for low-income tracts in 2002 and 2003. However, performance in 2002 and 2003 is mitigated by the bank's low number of home mortgage loans in each of those years and therefore not meaningful.

The geographic distribution of home improvement loans in low- and moderate-income census tracts in Los Angeles County for each reporting period is below the demographics and is adequate. During the evaluation period, 0.37 percent of the bank's home improvement loans were in low-income tracts in Los Angeles County and 12.22 percent were in moderate-income tracts. During 2002 and 2003, the bank reported no home improvement loans in low-income tracts and less than 1 percent in 2004. This is reasonable considering less than 2 percent of the owner-occupied housing units are in low-income tracts based on the 2000 U.S. Census. The distribution of owner-occupied housing units in an area is generally a good indicator of demand for housing related loans. In moderate-income geographies, the bank's home improvement lending was below the percentage of owner-occupied housing units. For example, the percentage of home improvement loans within moderate-income tracts in 2004 was 12.95 percent compared to 15.46 percent of the owner-occupied housing units.

The geographic distribution of home refinance loans in low- and moderate-income census tracts in Los Angeles County exceeds the demographics and is good. During the evaluation period, 3.38 percent of the bank's home refinance loans were in low-income tracts in Los Angeles County, with 25.04 percent in moderate-income tracts. The bank's performance in home refinance lending in low- and moderate-income geographies improved remarkably during 2004 over prior years. This improvement is primarily due to changes in reporting requirements for multifamily loans. In 2004, the bank's distribution of home

refinance loans in Los Angeles County exceeded the percentage of owner-occupied housing units in low- and moderate-income geographies by 373 percent and 250 percent, respectively. In 2003, performance was near the demographics in moderate-income geographies, but below the demographics in 2002. Performance in low-income geographies during 2003 and 2002 was substantially below the demographics. As previously indicated, more weight was placed on performance in 2004. Performance in 2004 is excellent and good in 2003 considering the performance context.

The geographic distribution of multifamily loans in low- and moderate-income census tracts in Los Angeles County exceeds the demographics and is excellent. During the evaluation period, the focus of multifamily lending has been in low- and moderate-income geographies and underserved communities. From July 1, 2002, to December 31, 2003, 39.47 percent of CNB's multifamily loans were in low-income tracts in Los Angeles County, and 41.37 percent were in moderate-income tracts. The distribution in each year exceeded the distribution of multifamily housing units in low- and moderate-income census tracts. In 2004, the percentages of home purchase and home refinance loans that are secured by multifamily properties in low-income tracts were 10.53 percent and 48.68 percent in moderate-income tracts.

*Santa Ana-Anaheim-Irvine MD (Orange County)*

The overall geographic distribution of home mortgage loans in low- and moderate-income census tracts in Orange County is good.

A geographic distribution of home purchase loans in low- and moderate-income census tracts in Orange County is not meaningful and thus not performed, given the bank only originated or purchased 28 home purchase loans during the 30-month evaluation period.

The geographic distribution of home improvement loans in low- and moderate-income census tracts in Orange County is generally less than demographics. The distribution is considered adequate given the bank's low volume of home improvement loans.

The geographic distribution of home refinance loans in low- and moderate-income census tracts in Orange County is good. CNB's geographic distributions of home refinance loans in 2002 and 2003 were below the demographics and considered adequate. Performance improved considerably during 2004. As in Los Angeles County, the improvement in the distribution of loans in low- and moderate-income geographies during 2004 is primarily the result of reporting change for multifamily loans. The bank has historically performed well in making multifamily loans in low- and moderate-income geographies. For 2004, these multifamily loans are now included in home purchase and home refinance lending.

The geographic distribution of multifamily loans is excellent. During 2002 and 2003, the bank's geographic distribution of multifamily loans in low- and moderate-income census tracts in Orange County exceeded the demographics as well as the home purchase and home refinance loans reported in 2004 that are secured by multifamily properties.

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

*Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.*

The overall geographic distributions of small loans to businesses in low- and moderate-income census tracts in Los Angeles County and Orange County are good. Given that small loans to businesses represent just 9 percent of all reportable lending for the two full-scope assessment areas during the evaluation period, the analysis of lending to small businesses is not weighted heavily in the overall Lending Test rating.

#### *Los Angeles-Long Beach-Glendale MD (Los Angeles County)*

CNB's overall geographic distribution of small loans to businesses in low- and moderate-income census tracts is good. In 2002, performance exceeded demographics in moderate-income geographies and fell below the demographics in low-income geographies. In 2003, the bank exceeded the demographics in both low- and moderate-income geographies by 114 percent and 129 percent, respectively. In addition, its market share of small loans to businesses in low-income geographies during 2003 exceeded its overall market share, which indicates the bank may have performed better than the market in making small loans to businesses in those geographies. However, given that the CNB only originated or purchased 23 loans in 2003 and its market shares are so small, the performance is not meaningful. In 2004, the performance in lending to businesses in low-income geographies was far below the percentage of small businesses operating in those geographies according to Dunn and Bradstreet. The distribution of small loans to businesses in moderate-income geographies exceeded the percentage of small businesses in those geographies by 109 percent. Overall, performance in 2004 is adequate.

#### *Santa Ana-Anaheim-Irvine MD (Orange County)*

Performance in Orange County is good. In 2002 and 2003, the distribution of small loans to businesses in low-income census tracts was below the demographics, but exceeded the demographics for moderate-income census tracts. During 2004, the distribution of small loans to businesses in low-income geographies exceeded the demographics, but was below the demographics for moderate-income census tracts where more lending opportunities exist. Because the volume of small loans to businesses in Orange County is nominal, a geographic distribution analysis in this assessment area is not very meaningful and it does not weigh heavily in the overall conclusion.

### **Lending Gap Analysis**

Examiners reviewed maps and reports detailing CNB's home mortgage and small business lending patterns in its assessment areas to identify geographical gaps in lending. No conspicuous gaps were noted that could not be adequately explained by demographics or branch locations.

### **Inside/Outside Ratio**

The bank originated or purchased a substantial majority of its loans within its three assessment areas during the evaluation period, considering it has loan production offices outside of its assessment areas. Overall, home mortgage and small business lending within the assessment areas represented 81 percent

of the number and 71 percent of the dollar volume of total home mortgage and small business lending. The percentages of lending within the assessment areas by the numbers of loans for each type are: home purchase (81 percent), home improvement (94 percent), home refinance (92 percent), multifamily (62 percent), and loans to small businesses (59 percent).

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

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

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

The overall distributions of home mortgage loans to low- and moderate-income borrowers within Los Angeles County and Orange County are good. Because income data is not collected for multifamily loans, home refinance and home improvement loans are weighted more heavily in this analysis.

This section measures the bank's mortgage lending to borrowers of different income levels, with primary focus on low- and moderate-income borrowers. A bank's distribution of loans compared to the demographic information provides a strong indication of the bank's performance in lending to borrowers of different income levels.

We considered the affordability barriers that exist in both markets that preclude many lower income borrowers from owning a home. For example, based on 2000 U.S. Census data, 15 percent of the households in Los Angeles County live below the poverty level. A low-income person in Los Angeles County earns less than \$27,100 while a moderate-income person earns up to \$43,360. This low income coupled with a median housing cost of \$240,248 makes it difficult for a low- or moderate-income person to afford a home in Los Angeles County. High housing costs are also a barrier for low- and moderate-income persons to afford a median priced home in Orange County. These barriers affect the bank's ability to originate home purchase, home improvement, and home refinance loans to low- and moderate-income borrowers.

### ***Los Angeles-Long Beach-Glendale MD (Los Angeles County)***

Home mortgage lending to low- and moderate-income borrowers in Los Angeles County is good, considering affordability issues and high cost of housing.

Home purchase lending to low- and moderate-income borrowers in Los Angeles County is adequate. In 2002 and 2003, no mortgage loans were made to low-income borrowers. Lending exceeded the demographics for moderate-income borrowers. In 2004, lending was below the demographics for both low- and moderate-income borrowers. Given the low volume of home purchase loans, home purchase lending did not weigh heavily in the overall conclusion.

The distribution of home improvement loans to low- and moderate-income borrowers in Los Angeles County is less than the demographics. However, this performance is good overall when considering performance contextual factors. Performance in lending to low- and moderate-income persons improved remarkably between 2002 and 2003, but declined in 2004. Market share data for 2003 shows the bank achieved a higher market share in home improvement lending to low-income borrowers in Los Angeles County than it achieved overall. This indicates the bank performed better in home lending to

low-income borrowers than peers. In consideration of the mitigating factors such as affordability, performance in lending to low-income borrowers is adequate and good for moderate-income borrowers.

The distribution of home refinance loans to low- and moderate-income borrowers in Los Angeles is less than demographics. Performance is good when taking into consideration the mitigating factors and contextual issues previously described. Between 2003 and 2004, the percent of home refinance lending to low- and moderate-income borrowers dropped slightly. This decline is mostly due to the introduction of new loan programs that do not require borrowers to state their income coupled with the inclusion of multifamily loans, in which the applicant's income is neither collected nor reported. The percentage of borrowers not stating their income increased from 1.8 percent in 2003 to 65.2 percent in 2004. According to the peer data for 2003, the bank achieved higher market shares of lending to low- and moderate-income borrowers in Los Angeles County than it achieved overall. This indicates the bank is making a good effort in financing low- and moderate-income borrowers relative to all lenders.

#### *Santa Ana-Anaheim-Irvine MD (Orange County)*

Home mortgage lending to low- and moderate-income borrowers in Orange County is good, considering affordability issues and high cost of housing.

Home purchase lending to low- and moderate-income borrowers in Orange County is adequate. In 2002, 2003, and 2004, lending to low-income borrowers was less than demographics, but exceeded the demographics for moderate-income borrowers during 2003 and 2004. Given the low volume of home purchase loans, home purchase lending did not weigh heavily in the overall conclusion.

The distribution of home improvement loans to low- and moderate-income borrowers in Orange County is excellent. In 2002 and 2003, lending to low-income persons exceeded the demographics, but fell below the demographics in 2004. For moderate-income borrowers, the bank exceeded the demographics in 2002 and 2004, but was slightly below the demographics for 2003. Market share data for 2003 shows the bank achieved a substantially higher market share in home improvement lending to low-income borrowers in Orange County than it achieved overall. This indicates the bank performed better in home lending to low-income borrowers than peers. In consideration of the mitigating factors such as affordability, performance is excellent in lending to low- and moderate-income borrowers.

The distribution of home refinance loans to low- and moderate-income borrowers in Orange County is good when considering the mitigating factors previously described. Performance is less than the demographics for low-income borrowers, but exceeds the demographics for moderate-income borrowers. Again, achieving higher market shares in lending to low- and moderate-income persons than its overall market share indicates better performance in lending to low- and moderate-income persons than the peer average.

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

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

The overall distribution of small loans to businesses of different sizes in Los Angeles County and Orange County is adequate. Given that small loans to businesses within the bank's two full-scope assessment areas represent just 9 percent of total reportable loans for the evaluation period and a large

percentage of those do not have revenue information available, the income distribution analysis of small loans to businesses is not weighted heavily in the overall Lending Test rating.

#### *Los Angeles-Long Beach-Glendale MD (Los Angeles)*

In each of the three years, the distribution of small loans to businesses with revenues of \$1 million or less in Los Angeles County is less than demographics, but it is considered adequate overall. During 2002, this lending distribution was poor as it was significantly below the percentage of businesses with revenues of \$1 million or less. Performance in 2003 is adequate. Contributing to the low distribution is the high percentage of loans purchased for which revenue data was not collected. In 2002, more than 85 percent of the loans did not have revenue information. In 2003, the percentage fell to more than 31 percent. Performance improved remarkably during 2004, but still fell below the demographics. Lending in loan amounts of \$100,000 or less, regardless of the business revenue size, steadily improved in each year. From 2002 to 2004, the percentage of the number of loans in amounts of \$100,000 or less improved significantly from 2.17 percent to 63.49 percent. The significant improvement noted during 2004 coupled with the positive trend in loans of \$100,000 or less helped to contribute to overall adequate performance for the evaluation period.

#### *Santa Ana-Anaheim-Irvine MD (Orange County)*

The overall distribution of small loans to businesses with revenues of \$1 million or less in Orange County is good. In 2002 and 2003, the distributions were below the demographics, but considered adequate considering the higher percentage of loans where revenue data was not collected. During 2004, small business lending exceeded the demographics and is considered excellent.

### **Community Development Lending**

*Refer to Table 1A Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.*

Community development lending is excellent, which positively impacted the Lending Test rating. CNB's community development lending has been responsive to the affordable housing needs and the revitalization and stabilization efforts of the assessment areas. The bank originated \$173 million in community development loans in Los Angeles County, \$16.5 million in Orange County, and \$2.9 million in Ventura County. Community development lending consists primarily of loans secured by multifamily properties that provide affordable housing for LMI and loans that revitalize and stabilize LMI areas by providing jobs for LMI individuals. In Los Angeles County, multifamily lending for affordable housing for LMI consisted of 113 loans totaling \$54.8 million. In Orange County, 100 percent of community development lending was for 17 multifamily properties providing affordable housing for LMI. The bank participates with several organizations by providing loans for various community development projects, including affordable housing and economic development.

Examples of community development loans include the following:

- CNB provided \$10.6 million in financing for two mixed-used buildings in low-income districts in downtown Los Angeles. The residential portion of the buildings consists of 66 studio apartments with rents that are 20-25 percent below HUD's affordable market rents for Los Angeles County.
- Through CNB's \$128,000 participation in a revolving loan fund, 16 first time homebuyers were able to purchase a home through an affordable second trust deed.
- CNB provided \$300,000 in funding to refinance a facility used by a Los Angeles-based organization that provides foster or adoptive homes for abused children. Through a network of over 400 churches and parishes in Southern California, the organization has placed more than 600 children with foster or adoptive parents, with about 200 new placements each year. CNB also refinanced the organization's \$120,000 working capital line of credit this organization had with another bank.
- CNB provided more than \$1 million in two separate loans to a Los Angeles based community development organization for funding various projects. The organization provides financial education and assistance primarily to low- and moderate-income individuals. Since its creation in the early 90s, the community development organization has helped create 400 new homeowners in South Central, East Los Angeles, and Watts. According to the Greenlining Institute, this organization has provided more home mortgages to low-income African American and Latino borrowers than the top eight banks in California combined. In addition, through its "Banking on the Future" program for kids, more than 69,000 children in over 300 schools in low- and moderate-income communities learn the basics of managing their money and maintaining good credit.
- CNB provided \$82 million in loans for projects that are located in Enterprise Zones and that will help stabilize and revitalize blighted areas in Los Angeles County. The mixed-use projects will help provide jobs for LMI individuals who live in these areas.
- CNB has provided funding to statewide/regional community development loan programs that have the potential to directly benefit its assessment areas. Given these types of programs are broader in geographic scope, these community development loans are considered qualitatively for the impact they provide to an assessment area. CNB has provided financing to two such statewide/regional programs. The bank has funded over \$790,000 in 60 loans to small businesses through the statewide CEDLI program. This program primarily targets women and minority-owned businesses in rural and urban communities for financing. Approximately 33 percent of the bank's funds financed businesses in Los Angeles County, 13 percent in Orange County, and 2 percent in Ventura County. The remaining 52 percent financed businesses in other regions of California, including the broader Southern California region. CNB has also funded over \$1 million in 27 loans through the regional Clearinghouse CDFI.

The bank originated and purchased an excellent level of community development loans. To put the volume of community development lending into perspective, we compared the bank's community development loans to the bank's Tier 1 Capital allocated to each assessment area<sup>1</sup>. In Los Angeles County, the bank's \$173 million in community development loans represents 50 percent of the Tier 1

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<sup>1</sup> Tier 1 Capital is allocated to each assessment area based on the percentage of the bank's deposits in each assessment area. As of December 31, 2004, net Tier 1 Capital totaled \$485.6 million. Approximately \$349.3 million of the net Tier 1 Capital was allocated to Los Angeles County, based on the percentage of total deposits in the County. The net Tier 1 Capital allocated to Orange County totaled \$119.3 million.

Capital allocated to the assessment area. In Orange County, the \$16.5 million in community development loans represents 13.8 percent of the Tier 1 Capital allocated to the assessment area.

In addition, since the bank has adequately addressed the needs of LMI borrowers within its assessment area, we also considered \$21 million in community development loans that the bank made outside its assessment areas. Just over \$16 million will help provide affordable housing for LMI individuals, while the remaining mixed-use projects, which are located in moderate-income areas, will help provide jobs for LMI individuals

## **Product Innovation and Flexibility**

This part of the evaluation considers CNB's use of innovative or flexible lending practices to address the credit needs of low- and moderate-income individuals or geographies. CNB's flexible lending programs include its participation with local CDFIs to make loans for affordable housing projects and other unmet credit needs. During the evaluation period, the bank engaged in other flexible lending practices that helped to increase home ownership and foster community development.

Some examples of these flexible lending programs or practices include:

- CNB provided a \$125,000 interest-free loan to a Los Angeles-based affordable housing agency. The agency provides low-income borrowers with low-interest subordinate loans toward the purchase of their first home.
- The \$128,000 participation in a local affordable housing revolving loan fund described under "Community Development" examples is also a flexible lending program. The fund provides up to 100 percent loan-to-value financing through a second trust deed for first-time homebuyers in low- and moderate-income census tracts. Investors and lenders participating in the fund share in the financing of the first trust deeds on a rotating basis.

## **Conclusion for Area Receiving Limited-Scope Review**

Based on a limited-scope review, the bank's performance under the Lending Test in the Oxnard-Thousand Oaks-Ventura MSA (Ventura County) is good, but weaker than the bank's overall "Outstanding" performance under the Lending Test. It did not impact the bank's overall Lending Test rating. Refer to Tables 1 through 13 in Appendix C for the facts and data that support these conclusions.

# INVESTMENT TEST

## Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "**Outstanding.**" Based on our full-scope reviews, the bank's performance in the Los Angeles-Long Beach-Glendale MD (Los Angeles County) is excellent and adequate in Santa Ana-Anaheim-Irvine MD (Orange County). The key findings that support the rating include:

- CNB has an excellent level of qualified investments overall, with primary emphasis on current period investments. Positive consideration was given to the innovation of two investments and prior period investments. Prior period investments have a continuing impact in the assessment areas. We also considered the bank's capacity to address community needs through the numerous investment opportunities available within the assessment areas.
- CNB's qualified investments and grants are responsive to the affordable housing, small business credit, and community service needs identified in the assessment areas.

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

## Dollar Amount of Qualified Investments

Performance in Los Angeles County is excellent. We also considered that 51 percent of investment dollars were from prior periods. The 119 qualified investments total over \$20.4 million, including over \$1.1 million in grants and donations to local community organizations. Qualified investments represent 5.9 percent of the net Tier 1 Capital allocated to the assessment area based on the pro rata share of the bank's deposits within each assessment area. Investments made during the current evaluation period represent 2.9 percent of the allocated net Tier 1 Capital.

Performance in Orange County is adequate when considering 49 percent of investment dollars were from prior periods. The 39 qualified investments total over \$2.5 million, including approximately \$72,000 in grants and donations to local community organizations. Qualified investments represent 2.2 percent of the net Tier 1 Capital allocated to this assessment area. Investments made during the current evaluation period represented 1.1 percent of the allocated net Tier 1 Capital.

CNB has almost \$23 million in qualified investments in Los Angeles County and Orange County combined. About half of these investments originated during the current evaluation period; the remainder or \$11.7 million were purchased in the prior evaluation period and are still outstanding. These prior period investments have a continuing impact on the community as they help provide financing for affordable housing units for low- and moderate-income persons.

## Responsiveness of Qualified Investments

CNB's qualified investments and grants exhibit good responsiveness to the credit and community development needs of the assessment areas. Approximately \$21.8 million, or 94 percent of the invested

dollars, are for programs that provide affordable housing needs. Over 50 percent of these investments are in mortgage-backed securities (“MBS”) that fund home ownership and rental housing for low- and moderate-income households. The balance of the investments and donations are for the purposes of economic development and community service. Two investments are considered innovative.

Examples of CNB’s investments are shown below.

- CNB invested \$10 million in two Charter Municipal Mortgage Acceptance Company bonds. The proceeds of the bonds were used for financing affordable housing development and rehabilitation projects in Los Angeles County and Orange County.
- CNB invested \$200,000 in certificates of deposit in a minority-owned financial institution in Los Angeles. This financial institution primarily lends or facilitates lending in low- and moderate-income areas.
- CNB contributed over \$153,000 in “In-kind” contributions to Operation Hope. Operation Hope is a nonprofit social investment bank and a national provider of financial literacy and economic empowerment. The organization provides bank customers and the low- and moderate-income communities with access to needed financial and credit services such as small business counseling, homebuyer seminars, and computer literacy classes in its Inner-City Cyber Cafés. The bank also provides rent-free space to Operation Hope at its Maywood Branch, saving the organization over \$68,000 a year.
- CNB created a scholarship program in 2003 to provide financial assistance to students from low- and moderate-income families. Initially funded with \$10,000 in 2003, the program grew to \$50,000 in 2004, and \$100,000 in 2005. High school students are eligible for a \$1,000 scholarship if entering a four-year university or \$500 scholarship if entering a community college. This innovative program has resulted in over 60 scholarships to qualifying individuals seeking education at community colleges and four-year universities. The scholarship program has earned commendations from the United Negro College Fund and the Community College Foundation.
- Along with the January 2003 launch of the Maywood Branch, CNB committed up to \$250,000 to provide first-time homebuyers with a matching grant up to \$5,000. To be eligible for the matching grant, buyers must be low- or moderate-income or purchase a home in a low- or moderate-income census tract. As of December 31, 2004, the bank has provided grants under this program to 12 families toward the purchase of their first home. This program is responsive and innovative as it is the first program of its type in California.

## **Conclusion for Area Receiving Limited-Scope Review**

Based on our limited-scope review, the bank’s performance under the Investment Test in the Oxnard-Thousand Oaks-Ventura MSA (Ventura County) is weaker than the bank’s overall “Outstanding” performance under the Investment Test. Qualified investments approximate only \$21,000 and represent 0.12 percent of the net Tier 1 Capital allocated to this assessment area. However, the performance does not have a significant impact on the overall rating, based on the bank’s limited presence in this area. CNB has only two branches in this assessment area and loan and deposit volume is nominal. *Refer to Table 14 in Appendix C for the facts and data that support this conclusion.*

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "**High Satisfactory.**" Based on our full-scope reviews, the bank's performance in the Los Angeles-Long Beach-Glendale MD (Los Angeles County) and Santa Ana-Anaheim-Irvine MD (Orange County) is good. The key findings that support the rating include:

- The distribution of branches is good. Branches are accessible to low- and moderate-income geographies and individuals of different incomes.
- CNB provides a high level of community development services, as identified by the four community organizations contacted, that are responsive and supportive of the community development needs in the assessment area.

### Retail Banking Services

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

#### *Los Angeles-Long Beach-Glendale MD (Los Angeles County)*

The distribution of branches among geographies of different income levels within Los Angeles County is good based on 1990 as well as 2000 U.S. Census data. Of the 42 branches in this assessment area, 6 branches (14 percent) are located in moderate-income census tracts and none are located in low-income census. This distribution is less than the area demographics. However, 17 branches in the assessment area are directly adjacent to low- and moderate-income census tracts and are accessible to persons in those low- and moderate-income areas. Combined, branches that are either in or adjacent to low- and moderate-income census tracts represent 55 percent of all the bank's branches.

CNB's record of opening and closing branches has been positive with a net increase of two branches in moderate-income geographies. During the review period, the bank opened five new branches: two in upper-income geographies, one in a middle-income geography, and two in moderate-income geographies. The bank closed three offices, two in middle-income geographies, and one in an upper-income geography, as a result of acquisitions and subsequent branch consolidations.

CNB's retail services and alternative delivery systems are responsive to the needs of the community. The bank offers a wide range of consumer and business loan and deposit products at all branch locations. Moreover, the bank has a pool of bi-lingual personnel available to assist customers who do not speak English. The bank offers a free checking account with no minimum balance requirement, no monthly service fee, and no per check fee, which is tailored to low- and moderate-income individuals. Alternate delivery systems include 24-hour bank-by-phone, online banking, and courier services. The courier service is targeted to businesses. Because information was not available on whether alternative delivery systems specifically enhance the provision of financial services to low- and moderate-income persons, the OCC could not place significant weight on the services and systems described.

The bank operates a deposit taking ATM at each branch location, with the exception of the Brentwood office, which is in an upper-income census tract. Additionally, the bank operates one cash dispensing ATM located off bank premises in a moderate-income census tract. All of the ATMs are free to bank customers and offer a Spanish language option.

Branch hours are reasonable. All of the branches except the Downtown office are open 9:00 A.M. to 5:00 P.M. Monday through Thursday, 9:00 A.M. to 6:00 P.M. Friday, and 9:00 A.M. to 1:00 P.M. Saturday. The Downtown office is closed Saturday due to the business nature of the area.

#### *Santa Ana-Anaheim-Irvine MD (Orange County)*

The distribution of branches among geographies of different income levels within Orange County is excellent based on 1990 as well as 2000 U.S. Census data. Of the 20 branches in this assessment area, 7 branches (35 percent) are located in moderate-income census tracts. This percentage exceeds the area demographics. No branches are located in low-income census tracts. However, six branches in the assessment area are directly adjacent to low- and moderate-income census tracts and are accessible to persons in those low- and moderate-income areas. Combined, branches that are either in or adjacent to low- and moderate-income census tracts represent 65 percent of all the bank's branches.

CNB's record of opening and closing branches has been positive with a net increase of two branches in moderate-income geographies. During the review period, the bank opened four new branches, two in upper-income geographies, and two in moderate-income geographies. The bank closed one office in an upper-income geography as a result of an acquisition and subsequent branch consolidation.

All branches offer the same services and hours of operation as those in the Los Angeles-Long Beach-Glendale MD. At least one deposit taking ATM is located at each branch.

### **Community Development Services**

The volume and responsiveness of the bank's community development services in Los Angeles County and Orange County is high, considering the bank's size and staffing resources. The four community organizations contacted identified financial literacy and home ownership education as significant community development needs. During the evaluation period, bank management and staff provided over 1,600 hours in community service activities to over 50 organizations throughout the bank's assessment areas. These community organizations focus on local economic development, affordable housing, childcare health services, and other community services to low- and moderate-income individuals. CNB management has reinforced its commitment to supporting the communities it serves by establishing a Volunteer Service Policy that allows bank employees up to four hours of paid leave per month for the purpose of assisting non-profit community based organizations.

The following are three examples of CNB's community development services:

- Every branch office offers a first time homebuyer seminar focused on low- and moderate-income borrowers. This includes counseling for first-time homebuyers, small business owners and soon-to-be small business owners, and consumers with troubled credit. Twelve seminars were offered during the first quarter of 2005.

- Through CNB’s partnership with Operation Hope the bank provides space and assistance in providing financial education and assistance primarily to low- and moderate-income individuals.
- The bank’s CEO is an Executive Board Member for the Central City Association providing guidance on financial management matters. This organization provides for the redevelopment of downtown Los Angeles, including the creation of jobs and the formation of housing.

### **Conclusion for Areas Receiving Limited-Scope Review**

Based on our limited-scope review, the bank’s performance under the Service Test in the Oxnard-Thousand Oaks-Ventura MSA (Ventura County) is not inconsistent with the bank’s overall “High Satisfactory” performance under the Service Test. *Refer to Table 15 in Appendix C for the facts and data that support this conclusion.*

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): July 01, 2002 to December 31, 2004 Investment Test, Service Test, and CD Loans: November 05, 2002 to April 04, 2005	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
California National Bank Los Angeles, California	Small business loans, home mortgage loans, community development loans, and qualified investments.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Los Angeles-Long Beach- Glendale MD #31084	Full-Scope	- Includes all of Los Angeles County
Santa Ana-Anaheim-Irvine MD #42044	Full-Scope	- Includes all of Orange County
Oxnard-Thousand Oaks-Ventura MSA#37100	Limited-Scope	- Includes all of Ventura County

# Appendix B: Market Profiles for Full-Scope Areas

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### Market Profiles for Areas Receiving Full-Scope Reviews

Los Angeles-Long Beach-Glendale Metropolitan Division #31084 .....	B-2
Santa Ana-Anaheim-Irvine Metropolitan Division #42044 .....	B-4

## Los Angeles-Long Beach-Glendale Metropolitan Division #31084

Demographic Information for Full Scope Area: Los Angeles-Long Beach-Glendale MD 2004 (Los Angeles County)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,054	8.71	28.29	27.99	34.23	0.78
Population by Geography	9,519,338	8.00	29.44	30.88	31.58	0.10
Owner-Occupied Housing by Geography	1,499,694	1.91	15.46	31.30	51.33	0.00
Business by Geography	694,415	7.82	20.35	25.99	45.13	0.71
Farms by Geography	5,625	3.06	13.67	31.77	51.18	0.32
Family Distribution by Income Level	2,154,311	23.87	16.49	17.40	42.24	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	869,463	13.65	41.46	28.95	15.94	0.00
Median Family Income		46,509	Median Housing Value		240,248	
HUD Adjusted Median Family Income for 2004		54,200	Unemployment Rate (2000 US Census)		3.72%	
Households Below Poverty Level		15.13%				

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

Source: 2000 US Census and 2004 HUD updated MFI

Los Angeles County, CNB's largest assessment area, comprises the Los Angeles-Long Beach-Glendale Metropolitan Division. The bank has 42 of its 64 branches in this area, including the main office and the majority of its customer base. In Los Angeles County, CNB competes with 977 mortgage lenders, 264 small business lenders, and 133 financial institutions for deposits.

Los Angeles County is a complex and highly diverse urban area that encompasses 88 cities and a number of unincorporated areas. It is the nation's largest county in size covering 4,752 square miles. According to the 2000 U.S. Census, the estimated population is 9.5 million. The Los Angeles County Economic Development Corporation ("LAEDC") provides a more recent population estimate of 10 million as of July 2003, which would equate the County with the ninth largest state in the nation. The City of Los Angeles is the largest city in the assessment area with an estimated population of 3.8 million.

The area economy has largely recovered from structural changes, major natural disasters, and civil disturbances over the last few decades. However, Los Angeles County continues to exceed the unemployment rates of the state and the nation. According to the Bureau of Labor Statistics, the seasonally adjusted unemployment rate for Los Angeles County was 6.6 percent in February 2005, compared to 6.4 percent for California and 5.4 percent for the nation.

International trade ranks as the largest industry in the County with 286,000 employees, followed by the tourism industry with approximately 266,700 employees. Film and television production ranks close behind with 226,600 employees, followed by wholesale trade with 195,300 employees, and professional and business services with 173,100 employees. Dun and Bradstreet's 2004 data reflect that businesses with revenues of \$1 million or less represent 63 percent of total businesses.

The LAEDC projects an improved economy in 2005 for Los Angeles County following notable growth toward the end of 2004. International trade is expected to have another strong year. The declining dollar is prompting increased international travel, which should notably benefit the tourism industry.

The aerospace industry is expected to add jobs from certain weapons programs and the Boeing 7E7 program, but there are some reservations about potential spending cuts from the U.S. Department of Defense. No major labor problems are expected in the film and television production industries, which bodes well for 2005 after strong job growth in 2004.

Housing affordability remains an ongoing and worsening problem throughout the State of California, including the Los Angeles area. The 2000 U.S. Census data reflects a median housing price of \$240,248 in Los Angeles County with just 46 percent of the housing units owner-occupied. The California Association of Realtors Housing Affordability Index (“HAI”) measures the percentage of households that can afford to purchase a median-priced home by qualifying for a 30-year fixed-rate mortgage. As of May 2003, the HAI indicated that only 28 percent of the households in Los Angeles County could afford a median-priced home, compared to 27 percent for the State as a whole, versus the national average of 59 percent.

The affordability gap between the state and local HAI versus the national average stems mainly from the state’s long-term housing needs versus a housing production shortfall. Each year, California adds approximately 250,000 new households, but only produces about 150,000 new housing units, resulting in an annual shortfall of approximately 100,000 housing units. This ongoing production shortfall puts pressure on market prices and will continue to contribute to the affordability gap between Los Angeles County, the State of California, and the nation.

Within the Los Angeles-Long Beach-Glendale Metropolitan Division, numerous opportunities exist for community development lending, investments, and services. Community organizations identified affordable housing and small business lending, as significant credit needs. One of the organizations views the Small Business Administration 504 loan program as a notable economic development opportunity. The program enables small business owners to purchase or construct real property, or purchase other long-term fixed assets. As such, the program helps to create new jobs or preserve existing jobs, including jobs for low- and moderate-income persons.

## Santa Ana-Anaheim-Irvine Metropolitan Division #42044

Demographic Information for Full Scope Area: Santa Ana-Anaheim-Irvine MD 2004 (Orange County)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	577	3.64	26.86	33.10	36.22	0.17
Population by Geography	2,846,289	4.95	30.96	31.84	32.26	0.00
Owner-Occupied Housing by Geography	574,193	1.25	19.56	33.56	45.63	0.00
Business by Geography	251,847	3.16	28.65	35.79	31.73	0.67
Farms by Geography	2,914	3.26	25.29	35.04	36.20	0.21
Family Distribution by Income Level	673,912	20.69	17.97	20.68	40.65	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	260,573	7.49	42.05	32.12	18.35	0.00
Median Family Income		64,321	Median Housing Value		275,476	
HUD Adjusted Median Family Income for 2004		75,000	Unemployment Rate (2000 US Census)		2.50%	
Households Below Poverty Level		7.74%				

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

Source: 2000 US Census and 2004 HUD updated MFI

Orange County, CNB's second largest assessment area, comprises the Santa Ana-Anaheim-Irvine Metropolitan Division. The bank has 20 of its 64 branches in Orange County where it competes with 811 mortgage lenders, 181 small business lenders, and 91 financial institutions for deposits.

Orange County is a culturally and economically diverse area that encompasses 34 cities and a number of unincorporated areas. It covers 798 square miles, including 42 miles of coastline and nine beaches. According to the 2000 U.S. Census, the estimated population of the assessment area is 2.8 million. The Los Angeles County Economic Development Corporation provides a more recent population estimate of 3.1 million as of July 2003.

The area economy is robust with an unemployment rate well below that of neighboring Los Angeles County, the State of California, and the nation. The Bureau of Labor Statistics reported a seasonally adjusted unemployment rate for Orange County of 3.4 percent compared to Los Angeles County at 6.6 percent, California at 6.4 percent, and the U.S. at 5.4 percent. By the end of 2005, the unemployment rate is expected to improve to 3.0 percent.

Travel and tourism, the mainstay of the local economy, are benefiting from an expanding Asian economy and the weaker dollar, bringing business and leisure travelers from overseas. The 50th anniversary events at Anaheim-based Disneyland add further stimulus to this industry sector. The LAEDC ranks tourism as the largest industry employer with approximately 116,300 employees, followed by technology-related industries (computer and electronics manufacturing, aerospace products, computer system-design, etc.) with 89,500 employees, and wholesale trade with 79,500 employees. Dun and Bradstreet data for 2004 reflect that businesses with sales of \$1 million or less represented 64 percent of total businesses.

The Chapman University 2005 Economic Forecast for Orange County reflects job growth of 1.7 percent, or the creation of 23,700 jobs with strong growth in biotechnology, leisure and hospitality, construction,

and retail trade. Continued growth in aerospace is expected with the caveat that the Department of Defense may consider some spending cutbacks.

The strong and growing economy in Orange County, however, is contributing to over-population with severe traffic congestion and housing shortages. New home building is expected to slip by 5.6 percent despite job and population growth, keeping upward pressure on housing prices. Orange County is one of the most expensive areas in the nation to live. The 2000 U.S. Census reflects a median housing price of \$275,476 in Orange County with 59 percent of the housing units owner-occupied. Affordable housing availability is an ongoing problem and at an all-time low. As of May 2003, the HAI indicates that only 21 percent of the households in Orange County could afford a median-priced home, compared to 27 percent for the State as a whole, versus the national average of 59 percent.

The City of Santa Ana has become the densest city in California, partially due to the large immigrant population growth during the past 10 years. The cost of the average lot in the central areas of Orange County (most affordable areas) is now \$200,000. Because of the growing population, several cities in the county have passed low-density laws that prevent the construction of multi-family housing. High-rise condominium projects are in planning stages in various areas in Orange County, including Santa Ana, Irvine, and Anaheim.

Within the Orange County assessment area, many opportunities exist for community development lending, investments, and services. Community organizations identified affordable housing and small business lending as the primary needs of the assessment area. They also identified financial literacy and homeownership education, as significant community development needs.

# 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 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. A set of Lending Test tables and branch distribution tables is presented for each of the three years of the evaluation period due to differences in demographics between the 1990 Census and 2000 Census and changes to MSA boundaries in 2004. Tables without data are not included in this PE.

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

- Table 1A. Lending Volume** - Summarizes the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank for each year during the evaluation period by MSA/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, a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” is inserted in the MSA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- 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. This table is omitted for 2004 due to the changes in reporting requirements for multifamily loans.
- 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** - This table contains no bank data and is therefore omitted.

**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 MSA/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** - This table contains no bank data and is therefore omitted.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/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, a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," is inserted in the MSA/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 MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

# Tables of Performance Data

## Summary of All Lending

Table 1A. Lending Volume

LENDING VOLUME												
Geography: CALIFORNIA												
Evaluation Period: JULY 1, 2002 TO DECEMBER 31, 2004												
MSA/Assessment Area:	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
<b>Los Angeles-Long Beach-Glendale MD</b>	76.86	1,387	472,306	132	43,494	0	0	129	172,881	1,648	688,681	71.89
<b>Santa Ana-Anaheim-Irvine MD</b>	19.50	353	87,059	48	16,174	0	0	17	16,507	418	119,740	24.56
<b>Limited Review:</b>												
<b>Oxnard-Thousand Oaks-Ventura MSA</b>	3.64	73	13,217	2	545	0	0	3	2,892	78	16,654	3.55
<b>Statewide or Regional</b>								87	1,790	87	1,790	
<b>Outside</b>								3	21,008	3	21,008	

\* Loan Data as of December 31, 2004. Rated area refers to either state or multi-state MSA rating area.

\*\* The evaluation period for Community Development Loans is from November 5, 2002 to April 04, 2005.

\*\*\* Deposit Data as of June 30, 2004. Rated Area refers to either the state, multi-state MSA, or institution, as appropriate.

## 2004 ONLY

**Table 1. Lending Volume**

LENDING VOLUME												
Geography: CALIFORNIA												
Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004												
MSA/Assessment Area (2004):	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Los Angeles-Long Beach-Glendale MD	77.14	585	258,531	63	14,371	0	0	47	148,835	695	421,737	71.89
Santa Ana-Anaheim-Irvine MD	18.86	133	45,211	24	8,365	0	0	13	15,179	170	68,755	24.56
<b>Limited Review:</b>												
Oxnard-Thousand Oaks-Ventura MSA	4.00	32	7,725	1	50	0	0	3	2,892	36	10,667	3.55
Statewide or Regional								87	1,790	87	1,790	
Outside								2	18,008	2	18,008	

\* Loan Data as of December 31, 2004. Rated area refers to either state or multi-state MSA rating area.

\*\* The evaluation period for Community Development Loans is from January 1, 2004 to April 04, 2005.

\*\*\* Deposit Data as of June 30, 2004. Rated Area refers to either the state, multi-state MSA, or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE																
Geography: CALIFORNIA																
Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004																
MSA/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	
<b>Full Review:</b>																
Los Angeles-Long Beach-Glendale MD	69	75.82	1.91	10.14	15.46	36.23	31.30	39.13	51.33	14.49	0.00	0.00	0.00	0.00	0.00	
Santa Ana-Anaheim-Irvine MD	21	23.08	1.25	19.05	19.56	38.10	33.56	14.29	45.63	28.57	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Oxnard-Thousand Oaks-Ventura MSA	1	1.10	1.20	0.00	15.46	0.00	46.06	100.00	37.29	0.00	0.00	0.00	0.00	0.00	0.00	

\* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 31, 2004.

\*\* 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.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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

Geographic Distribution: HOME IMPROVEMENT		Geography: CALIFORNIA					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004									
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Los Angeles-Long Beach-Glendale MD	193	68.20	1.91	0.52	15.46	12.95	31.30	24.87	51.33	61.66	0.00	0.00	0.00	0.00	0.00	
Santa Ana-Anaheim-Irvine MD	67	23.67	1.25	0.00	19.56	13.43	33.56	41.79	45.63	44.78	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Oxnard-Thousand Oaks-Ventura MSA	23	8.13	1.20	0.00	15.46	4.35	46.06	52.17	37.29	43.48	0.00	0.00	0.00	0.00	0.00	

\* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 31, 2004.

\*\* 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.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: CALIFORNIA					Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004									
MSA/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	
<b>Full Review:</b>																
Los Angeles-Long Beach-Glendale MD	323	85.90	1.91	7.12	15.46	38.70	31.30	26.93	51.33	27.24	0.00	0.00	0.00	0.00	0.00	
Santa Ana-Anaheim-Irvine MD	45	11.97	1.25	13.33	19.56	33.33	33.56	26.67	45.63	26.67	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Oxnard-Thousand Oaks-Ventura MSA	8	2.13	1.20	25.00	15.46	12.50	46.06	37.50	37.29	25.00	0.00	0.00	0.00	0.00	0.00	

\* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 31, 2004.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES															Geography: CALIFORNIA		Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004				
MSA/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						
<b>Full Review:</b>																					
Los Angeles-Long Beach-Glendale MD	63	71.59	7.82	1.59	20.35	22.22	25.99	22.22	45.13	53.97	0.00	0.00	0.00	0.00	0.00						
Santa Ana-Anaheim-Irvine MD	24	27.27	3.16	4.17	28.65	12.50	35.79	45.83	31.73	37.50	0.00	0.00	0.00	0.00	0.00						
<b>Limited Review:</b>																					
Oxnard-Thousand Oaks-Ventura MSA	1	1.14	3.92	0.00	18.78	0.00	49.77	100.00	27.53	0.00	0.00	0.00	0.00	0.00	0.00						

\* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 31, 2004.

\*\* 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.

\*\*\* Source Data - Dun and Bradstreet (2003).

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

Borrower Distribution: HOME PURCHASE															Geography: CALIFORNIA		Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004				
MSA/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						
<b>Full Review:</b>																					
Los Angeles-Long Beach-Glendale MD	69	75.82	23.87	8.33	16.49	8.33	17.40	33.33	42.24	50.00	0.00	0.00	0.00	0.00	0.00						
Santa Ana-Anaheim-Irvine MD	21	23.08	20.69	0.00	17.97	25.00	20.68	12.50	40.65	62.50	0.00	0.00	0.00	0.00	0.00						
<b>Limited Review:</b>																					
Oxnard-Thousand Oaks-Ventura MSA	1	1.10	19.55	0.00	18.43	0.00	22.09	0.00	39.92	0.00	0.00	0.00	0.00	0.00	0.00						

\* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 31, 2004.

\*\* As a percentage of loans with borrower income information available. No information was available for 78.0% of loans originated and purchased by bank.

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

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

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

Borrower Distribution: HOME IMPROVEMENT			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004					Market Share*				
MSA/Assessment Area:	Total Home Improvement 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****						
<b>Full Review:</b>																
Los Angeles-Long Beach-Glendale MD	193	68.20	23.87	7.41	16.49	10.05	17.40	19.58	42.24	62.96	0.00	0.00	0.00	0.00	0.00	
Santa Ana-Anaheim-Irvine MD	67	23.67	20.69	10.45	17.97	19.40	20.68	31.34	40.65	38.81	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Oxnard-Thousand Oaks-Ventura MSA	23	8.13	19.55	8.70	18.43	21.74	22.09	26.09	39.92	43.48	0.00	0.00	0.00	0.00	0.00	

\* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 31, 2004.  
 \*\* As a percentage of loans with borrower income information available. No information was available for 1.4% of loans originated and purchased by bank.  
 \*\*\* Percentage of Families is based on the 2000 Census information.  
 \*\*\*\* 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 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004					Market Share*				
MSA/Assessment Area:	Total Home Mortgage Refinance 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****						
<b>Full Review:</b>																
Los Angeles-Long Beach-Glendale MD	323	85.90	23.87	3.74	16.49	11.21	17.40	29.91	42.24	55.14	0.00	0.00	0.00	0.00	0.00	
Santa Ana-Anaheim-Irvine MD	45	11.97	20.69	9.52	17.97	19.05	20.68	14.29	40.65	57.14	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Oxnard-Thousand Oaks-Ventura MSA	8	2.13	19.55	0.00	18.43	33.33	22.09	33.33	39.92	33.33	0.00	0.00	0.00	0.00	0.00	

\* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 31, 2004.  
 \*\* As a percentage of loans with borrower income information available. No information was available for 65.2% of loans originated and purchased by bank.  
 \*\*\* Percentage of Families is based on the 2000 Census information.  
 \*\*\*\* Home refinance loans originated and purchased in the MSA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

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

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: CALIFORNIA			Evaluation Period: JANUARY 1, 2004 TO DECEMBER 31, 2004				
MSA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Los Angeles-Long Beach-Glendale MD	63	71.59	62.83	53.97	63.49	12.70	23.81	0.00	0.00
Santa Ana-Anaheim-Irvine MD	24	27.27	63.85	70.83	37.50	20.83	41.67	0.00	0.00
<b>Limited Review:</b>									
Oxnard-Thousand Oaks-Ventura MSA	1	1.14	66.19	100.00	100.00	0.00	0.00	0.00	0.00

\* The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 31, 2004.

\*\* 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.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2004).

\*\*\*\* 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 0.00% of small loans to businesses originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
Geography: CALIFORNIA									
Evaluation Period: NOVEMBER 5, 2002 TO APRIL 4, 2005									
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 Review:</b>									
Los Angeles-Long Beach-Glendale MD	11	10,407	108	10,089	119	20,496	88.73	1	5,000
Santa Ana-Anaheim-Irvine MD	6	1,271	33	1,312	39	2,583	11.18	0	0
<b>Limited Review:</b>									
Oxnard-Thousand Oaks-Ventura MSA	1	4	9	17	10	21	0.09	0	0

\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: CALIFORNIA																	
Evaluation Period: JANUARY 1, 2004 TO APRIL 4, 2005																	
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
		% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography		
	Low				Mod	Mid	Upp	Low			Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Los Angeles-Long Beach-Glendale MD	71.89	42	65.63	0.00	14.29	26.19	59.52	4	0	0	1	1	2	8.00	29.44	30.88	31.58
Santa Ana-Anaheim-Irvine MD	24.56	20	31.25	0.00	35.00	30.00	35.00	2	0	0	0	0	2	4.95	30.96	31.84	32.26
<b>Limited Review:</b>																	
Oxnard-Thousand Oaks-Ventura MSA	3.55	2	3.12	0.00	50.00	50.00	0.00	0	0	0	0	0	0	3.86	23.98	44.41	27.75

## 2003 ONLY

**Table 1. Lending Volume**

LENDING VOLUME		Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003						
MSA/Assessment Area (2003):	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Los Angeles-Long Beach MSA	74.74	507	116,372	23	7,311	0	0	56	15,888	586	139,571	71.92
Orange County MSA	19.90	140	22,371	14	3,381	0	0	2	556	156	26,308	24.48
<b>Limited Review:</b>												
Ventura MSA	5.36	41	5,492	1	495	0	0	0	0	42	5,987	3.61
Outside								1	3,000	1	3,000	

\* Loan Data as of December 31, 2003. Rated area refers to either state or multi-state MSA rating area.

\*\* The evaluation period for Community Development Loans is from January 1, 2003 to December 31, 2003.

\*\*\* Deposit Data as of June 30, 2003. Rated Area refers to either the state, multi-state MSA, or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE		Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003									
MSA/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
<b>Full Review:</b>															
Los Angeles-Long Beach MSA	25	86.21	1.91	0.00	15.38	44.00	31.19	32.00	51.52	24.00	0.01	0.00	0.03	0.01	0.01
Orange County MSA	4	13.79	1.25	0.00	19.87	25.00	33.38	25.00	45.50	50.00	0.00	0.00	0.01	0.00	0.00
<b>Limited Review:</b>															
Ventura MSA	0	0.00	1.20	0.00	16.20	0.00	45.31	0.00	37.29	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2003 Peer Mortgage Data (WE)

\*\* 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.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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

Geographic Distribution: HOME IMPROVEMENT			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MSA/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						
<b>Full Review:</b>																
Los Angeles-Long Beach MSA	63	48.84	1.91	0.00	15.38	11.11	31.19	31.75	51.52	57.14	0.50	0.00	0.40	0.46	0.59	
Orange County MSA	49	37.98	1.25	0.00	19.87	16.33	33.38	28.57	45.50	55.10	0.96	0.00	0.94	0.80	1.10	
<b>Limited Review:</b>																
Ventura MSA	17	13.18	1.20	0.00	16.20	11.76	45.31	41.18	37.29	47.06	1.13	0.00	0.76	1.02	1.48	

\* Based on 2003 Peer Mortgage Data (WE)

\*\* 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.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Home Mortgage Refinance 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						
<b>Full Review:</b>																
Los Angeles-Long Beach MSA	285	73.45	1.91	0.00	15.38	14.39	31.19	28.77	51.52	56.84	0.04	0.00	0.04	0.04	0.04	
Orange County MSA	80	20.62	1.25	0.00	19.87	15.00	33.38	38.75	45.50	46.25	0.02	0.00	0.02	0.03	0.02	
<b>Limited Review:</b>																
Ventura MSA	23	5.93	1.20	0.00	16.20	8.70	45.31	52.17	37.29	39.13	0.02	0.00	0.02	0.03	0.02	

\* Based on 2003 Peer Mortgage Data (WE)

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

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

Geographic Distribution: MULTIFAMILY		Geography: CALIFORNIA					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
Los Angeles-Long Beach MSA	134	94.37	12.96	29.10	31.59	46.27	28.39	16.42	27.07	8.21	1.53	2.97	1.78	0.94	0.69	
Orange County MSA	7	4.93	6.27	28.57	41.45	57.14	33.69	14.29	18.59	0.00	0.84	1.48	0.83	0.61	0.00	
<b>Limited Review:</b>																
Ventura MSA	1	0.70	3.57	0.00	39.01	100.00	43.02	0.00	14.41	0.00	0.93	0.00	1.54	0.00	0.00	

\* Based on 2003 Peer Mortgage Data (WE)

\*\* Multi-family loans originated and purchased in the MSA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: CALIFORNIA					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans						
<b>Full Review:</b>																
Los Angeles-Long Beach MSA	23	60.53	7.62	8.70	20.16	26.09	25.83	26.09	45.70	39.13	0.01	0.02	0.01	0.01	0.01	
Orange County MSA	14	36.84	3.10	0.00	28.67	42.86	35.99	42.86	31.61	14.29	0.01	0.00	0.02	0.01	0.00	
<b>Limited Review:</b>																
Ventura MSA	1	2.63	3.84	0.00	20.96	0.00	47.62	100.00	27.57	0.00	0.00	0.00	0.00	0.01	0.00	

\* Based on 2003 Peer Small Business Data -- US and PR

\*\* 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.

\*\*\* Source Data - Dun and Bradstreet (2003).

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

Borrower Distribution: HOME PURCHASE		Geography: CALIFORNIA					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share*				
MSA/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****						
<b>Full Review:</b>																
Los Angeles-Long Beach MSA	25	86.21	23.87	0.00	16.49	29.17	17.40	20.83	42.24	50.00	0.01	0.00	0.08	0.01	0.01	
Orange County MSA	4	13.79	20.69	0.00	17.97	50.00	20.68	50.00	40.65	0.00	0.01	0.00	0.03	0.01	0.00	
<b>Limited Review:</b>																
Ventura MSA	0	0.00	19.55	0.00	18.43	0.00	22.09	0.00	39.92	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2003 Peer Mortgage Data (WE)

\*\* As a percentage of loans with borrower income information available. No information was available for 3.4% of loans originated and purchased by bank.

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

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

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

Borrower Distribution: HOME IMPROVEMENT		Geography: CALIFORNIA					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share*				
MSA/Assessment Area:	Total Home Improvement 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****						
<b>Full Review:</b>																
Los Angeles-Long Beach MSA	63	48.84	23.87	11.11	16.49	14.29	17.40	23.81	42.24	50.79	0.54	1.67	0.94	0.65	0.40	
Orange County MSA	49	37.98	20.69	24.49	17.97	12.24	20.68	26.53	40.65	36.73	1.01	7.06	1.07	1.08	0.61	
<b>Limited Review:</b>																
Ventura MSA	17	13.18	19.55	23.53	18.43	23.53	22.09	17.65	39.92	35.29	1.20	4.76	2.19	0.72	0.82	

\* Based on 2003 Peer Mortgage Data (WE)

\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

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

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

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share*				
MSA/Assessment Area:	Total Home Mortgage Refinance 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****						
<b>Full Review:</b>																
Los Angeles-Long Beach MSA	285	73.45	23.87	4.68	16.49	12.59	17.40	24.46	42.24	58.27	0.04	0.12	0.07	0.05	0.04	
Orange County MSA	80	20.62	20.69	6.25	17.97	23.75	20.68	26.25	40.65	43.75	0.03	0.06	0.05	0.03	0.02	
<b>Limited Review:</b>																
Ventura MSA	23	5.93	19.55	0.00	18.43	26.09	22.09	21.74	39.92	52.17	0.03	0.00	0.04	0.02	0.03	

\* Based on 2003 Peer Mortgage Data (WE)

\*\* As a percentage of loans with borrower income information available. No information was available for 1.8% of loans originated and purchased by bank.

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

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

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

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share*	
MSA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			All	Rev\$ 1 Million or Less				
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000						
<b>Full Review:</b>													
Los Angeles-Long Beach MSA	23	60.53	61.74	34.78	30.43	21.74	47.83	0.01	0.01				
Orange County MSA	14	36.84	62.57	35.71	50.00	14.29	35.71	0.01	0.01				
<b>Limited Review:</b>													
Ventura MSA	1	2.63	65.07	0.00	0.00	0.00	100.00	0.00	0.00				

\* Based on 2003 Peer Small Business Data -- US and PR

\*\* 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.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2003).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 31.58% of small loans to businesses originated and purchased by the bank.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: CALIFORNIA																	
Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003																	
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Los Angeles-Long Beach MSA	71.92	38	65.52	0.00	13.16	28.95	57.89	1	0	0	1	0	0	8.00	29.34	30.84	31.72
Orange County MSA	24.48	18	31.03	0.00	44.45	33.33	22.22	2	0	0	2	0	0	4.95	31.31	31.66	32.08
<b>Limited Review:</b>																	
Ventura MSA	3.60	2	3.45	0.00	50.00	50.00	0.00	0	0	0	0	0	0	3.86	25.16	43.23	27.75

## 2002 ONLY

**Table 1. Lending Volume**

LENDING VOLUME												Geography: CALIFORNIA		Evaluation Period: JULY 1, 2002 TO DECEMBER 31, 2002	
MSA/Assessment Area (2002):	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA***			
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)				
<b>Full Review:</b>															
Los Angeles-Long Beach MSA	79.96	295	97,403	46	21,812	0	0	26	8,158	367	127,373	80.25			
Orange County MSA	20.04	80	19,477	10	4,428	0	0	2	772	92	24,677	12.80			
<b>Limited Review:</b>															
Ventura MSA	0.00	0	0	0	0	0	0	0	0	0	0	6.95			

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

\*\* The evaluation period for Community Development Loans is from November 5, 2002 to December 31, 2002.

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

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

Geographic Distribution: HOME PURCHASE															Geography: CALIFORNIA		Evaluation Period: JULY 1, 2002 TO DECEMBER 31, 2002	
MSA/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			
<b>Full Review:</b>																		
Los Angeles-Long Beach MSA	8	72.73	2.34	0.00	14.25	37.50	34.73	25.00	48.68	37.50	0.12	0.10	0.18	0.11	0.12			
Orange County MSA	3	27.27	0.77	0.00	17.19	33.33	45.08	33.33	36.96	33.33	0.10	0.08	0.36	0.08	0.04			
<b>Limited Review:</b>																		
Ventura MSA	0	0.00	0.00	0.00	20.01	0.00	48.44	0.00	31.56	0.00	0.00	0.00	0.00	0.00	0.00			

\* Based on 2002 Peer Mortgage Data (WE1)

\*\* 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.

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

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

Geographic Distribution: HOME IMPROVEMENT			Geography: CALIFORNIA				Evaluation Period: JULY 1, 2002 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MSA/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						
<b>Full Review:</b>																
Los Angeles-Long Beach MSA	14	48.28	2.34	0.00	14.25	7.14	34.73	7.14	48.68	85.71	0.34	0.00	0.32	0.11	0.53	
Orange County MSA	15	51.72	0.77	0.00	17.19	6.67	45.08	60.00	36.96	33.33	0.70	3.03	0.87	0.74	0.55	
<b>Limited Review:</b>																
Ventura MSA	0	0.00	0.00	0.00	20.01	0.00	48.44	0.00	31.56	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Mortgage Data (WE1)

\*\* 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.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied 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: CALIFORNIA				Evaluation Period: JULY 1, 2002 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Home Mortgage Refinance 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						
<b>Full Review:</b>																
Los Angeles-Long Beach MSA	103	68.67	2.34	0.97	14.25	11.65	34.73	27.18	48.68	60.19	0.09	0.13	0.18	0.08	0.08	
Orange County MSA	47	31.33	0.77	0.00	17.19	8.51	45.08	36.17	36.96	55.32	0.08	0.15	0.21	0.07	0.06	
<b>Limited Review:</b>																
Ventura MSA	0	0.00	0.00	0.00	20.01	0.00	48.44	0.00	31.56	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Mortgage Data (WE1)

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

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

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

Geographic Distribution: MULTIFAMILY		Geography: CALIFORNIA					Evaluation Period: JULY 1, 2002 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
Los Angeles-Long Beach MSA	170	91.89	13.57	17.65	26.09	38.24	37.00	29.41	23.33	14.71	5.64	7.80	8.81	2.77	2.53	
Orange County MSA	15	8.11	5.59	13.33	38.16	53.33	41.33	33.33	14.92	0.00	5.28	6.32	7.33	2.44	0.00	
<b>Limited Review:</b>																
Ventura MSA	0	0.00	0.00	0.00	17.83	0.00	42.85	0.00	39.33	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Mortgage Data (WE1)

\*\* Multi-family loans originated and purchased in the MSA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

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

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

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: CALIFORNIA					Evaluation Period: JULY 1, 2002 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans						
<b>Full Review:</b>																
Los Angeles-Long Beach MSA	46	82.14	8.60	6.52	17.31	17.39	31.99	32.61	41.83	43.48	0.02	0.02	0.02	0.02	0.02	
Orange County MSA	10	17.86	3.65	0.00	24.87	50.00	37.42	40.00	28.64	10.00	0.03	0.05	0.02	0.02	0.03	
<b>Limited Review:</b>																
Ventura MSA	0	0.00	0.00	0.00	18.38	0.00	48.69	0.00	32.90	0.00	0.00	0.00	0.00	0.00	0.00	

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

\*\* 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.

\*\*\* Source Data - Dun and Bradstreet (2002).

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

Borrower Distribution: HOME PURCHASE		Geography: CALIFORNIA					Evaluation Period: JULY 1, 2002 TO DECEMBER 31, 2002					Market Share*				
MSA/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****						
<b>Full Review:</b>																
Los Angeles-Long Beach MSA	8	72.73	22.82	0.00	16.85	25.00	19.70	25.00	40.63	50.00	0.01	0.04	0.02	0.02	0.01	
Orange County MSA	3	27.27	18.65	0.00	19.00	0.00	23.57	33.33	38.77	66.67	0.01	0.00	0.00	0.00	0.01	
<b>Limited Review:</b>																
Ventura MSA	0	0.00	21.64	0.00	18.12	0.00	19.54	0.00	40.70	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Mortgage Data (WE1)

\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% 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 MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

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

Borrower Distribution: HOME IMPROVEMENT		Geography: CALIFORNIA					Evaluation Period: JULY 1, 2002 TO DECEMBER 31, 2002					Market Share*				
MSA/Assessment Area:	Total Home Improvement 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****						
<b>Full Review:</b>																
Los Angeles-Long Beach MSA	14	48.28	22.82	7.14	16.85	7.14	19.70	21.43	40.63	64.29	0.35	0.64	0.08	0.45	0.35	
Orange County MSA	15	51.72	18.65	20.00	19.00	33.33	23.57	26.67	38.77	20.00	0.68	1.61	0.86	0.59	0.53	
<b>Limited Review:</b>																
Ventura MSA	0	0.00	21.64	0.00	18.12	0.00	19.54	0.00	40.70	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Mortgage Data (WE1)

\*\* As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

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

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

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

Borrower Distribution: HOME MORTGAGE REFINANCE			Geography: CALIFORNIA				Evaluation Period: JULY 1, 2002 TO DECEMBER 31, 2002									
MSA/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	
<b>Full Review:</b>																
Los Angeles-Long Beach MSA	103	68.67	22.82	5.88	16.85	15.69	19.70	16.67	40.63	61.76	0.04	0.10	0.06	0.03	0.04	
Orange County MSA	47	31.33	18.65	8.51	19.00	21.28	23.57	29.79	38.77	40.43	0.04	0.07	0.05	0.03	0.03	
<b>Limited Review:</b>																
Ventura MSA	0	0.00	21.64	0.00	18.12	0.00	19.54	0.00	40.70	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Mortgage Data (WE1)

\*\* As a percentage of loans with borrower income information available. No information was available for 0.7% of loans originated and purchased by bank.

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

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

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

Borrower Distribution: SMALL LOANS TO BUSINESSES			Geography: CALIFORNIA				Evaluation Period: JULY 1, 2002 TO DECEMBER 31, 2002						
MSA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*					
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less				
<b>Full Review:</b>													
Los Angeles-Long Beach MSA	46	82.14	65.69	6.52	2.17	26.09	71.74	0.02	0.02				
Orange County MSA	10	17.86	65.44	30.00	10.00	10.00	80.00	0.03	0.05				
<b>Limited Review:</b>													
Ventura MSA	0	0.00	74.08	0.00	0.00	0.00	0.00	0.00	0.00				

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

\*\* 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.

\*\*\* 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 85.71% of small loans to businesses originated and purchased by the bank.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: CALIFORNIA								Evaluation Period: NOVEMBER 5, 2002 TO DECEMBER 31, 2002									
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Los Angeles-Long Beach MSA	80.25	37	67.27	0.00	8.11	29.73	62.16	0	3	0	0	2	1	9.02	26.69	33.93	30.17
Orange County MSA	12.80	16	29.09	0.00	18.75	56.25	25.00	0	1	0	0	0	1	3.61	26.73	42.01	27.64
<b>Limited Review:</b>																	
Ventura MSA	6.95	2	3.64	0.00	50.00	50.00	0.00	0	0	0	0	0	0	0.00	27.66	47.35	24.72