

PUBLIC DISCLOSURE

October 26, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Nara Bank
RSSD #1398580**

**3731 Wilshire Boulevard, Suite 1000
Los Angeles, California 90010**

**Federal Reserve Bank of San Francisco
101 Market Street
San Francisco, California 94105**

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

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INSTITUTION RATING

Institution's CRA Rating

Nara Bank is rated "SATISFACTORY"

The following table shows the performance level of Nara Bank with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	LENDING TEST*	INVESTMENT TEST	SERVICE TEST
OUTSTANDING			
HIGH SATISFACTORY	X	X	X
LOW SATISFACTORY			
NEEDS TO IMPROVE			
SUBSTANTIAL NONCOMPLIANCE			

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

The major factors supporting the institution's rating include:

- An excellent geographic distribution of small business loans, with strong penetration in low- and moderate-income census tracts, particularly in the Los Angeles-Orange assessment area;
- A strong level of lending to small businesses throughout all assessment areas;
- The high impact and significant level of community development loans that helped stabilize and revitalize low- and moderate-income census tracts with new jobs and retail services;
- Retail banking services, including alternative delivery systems, that were reasonably accessible to all portions of the bank's assessment areas; and
- A relatively high-level of community development investments and services that benefited low- and moderate-income individuals and small businesses and helped support the need for affordable housing.

INSTITUTION

Description of Institution

Nara Bank (Nara), headquartered in Los Angeles, California, is a wholly-owned, subsidiary of Nara Bancorp, Inc., Los Angeles, California, with total assets of \$3.3 billion as of June 30, 2009. Originally founded in 1989 to address the financial needs of Korean Americans, Nara now focuses on serving a diverse group of customers reflective of its local communities. Nara currently operates a network of 20 branch offices – 15 in California, four in New York, one in New Jersey – and one loan production office (LPO) in Dallas, Texas.

Since its previous Community Reinvestment Act (CRA) examination, the bank has expanded its branch presence while closing six of its seven LPOs. New branch offices were established in Los Angeles, California on May 16, 2008, and Fort Lee, New Jersey on April 21, 2009. A branch office in Brick, New Jersey was opened on March 3, 2008 and closed on May 1, 2009. The six LPOs that were closed are: a second one in Texas and Washington state in 2008 and California Georgia, Nevada, New Jersey, and Virginia in 2009.

Nara is a full-service bank specializing in business banking products for small- to medium-sized companies, with an emphasis on commercial real estate and small business lending, including Small Business Administration (SBA) lending, and international trade financing. Nara offers a full range of commercial banking products and has historically focused its business in Korean communities in California and greater New York City. The bank also offers some consumer financial services, but this business line is not emphasized. Based upon the banks June 30, 2009, Consolidated Reports of Condition and Income, the following table illustrates the bank's commercial focus with business loans representing a substantial majority of the loan portfolio.

EXHIBIT 1		
LOANS AND LEASES AS OF JUNE 30, 2009		
Loan Type	\$ ('000s)	%
Commercial/Industrial & Non-Farm Non-Residential Real Estate	1,949,453	90.4
Construction & Land Development	59,984	2.8
All Other	83,516	4.0
Secured by 1-4 Family Residential Real Estate	44,505	2.0
Consumer Loans & Credit Cards	17,882	0.8
Total (Gross)	2,155,340	100

Nara's assessment areas have changed since the prior CRA examination and now consist of four assessment areas – three in California and one multistate metropolitan statistical area (MSA) in New York, New Jersey and Pennsylvania – as follows:

- **Los Angeles-Orange Assessment Area** combines the prior Los Angeles and Orange County assessment areas into a single assessment area comprised of the following two Metropolitan Divisions (MD) which is also the Los Angeles-Long Beach-Santa Ana, California MSA:
 - **Los Angeles County**, which is also the Los Angeles-Long Beach-Glendale, California MD; and
 - **Orange County**, which is also the Santa Ana-Anaheim-Irvine, California MD.
- **Oakland Assessment Area** is comprised of Alameda County and Contra Costa County in their entirety, which is also the Oakland-Fremont-Hayward, California MD.
- **San Jose Assessment Area** is comprised of Santa Clara County and San Benito County in their entirety, which is also the San Jose-Sunnyvale-Santa Clara, California MSA.
- **New York-New Jersey Assessment Area**, which is part of the New York-Northern New Jersey-Long Island, NY-NJ-PA Multistate MSA, and is comprised of 22 Counties located within the following four Metropolitan Divisions:
 - **New York- White Plains-Wayne, NY-NJ MD** consisting of Bergen, Hudson and Passaic counties in New Jersey and Bronx, Kings, New York, Putnam, Queens, Richmond, Rockland, and Westchester counties in New York;
 - **Nassau-Suffolk, NY MD** consisting of Nassau and Suffolk counties in New York;
 - **Edison-New Brunswick, NJ MD** consisting of Middlesex, Monmouth, Ocean and Somerset counties in New Jersey; and
 - **Newark-Union, NJ MD** consisting of Essex, Hunterdon, Morris, Sussex, and Union counties in New Jersey.

The bank's assessment areas are in compliance with the requirements of Section 228.41 of Regulation BB. There are no legal or financial impediments that would inhibit the bank's ability to meet the credit needs of its communities, consistent with its business strategy, size, resources, or local economic conditions. The bank received a satisfactory performance rating at its previous CRA examination conducted as of October 22, 2007.

Scope of Examination

Nara's CRA performance was evaluated in accordance with the Interagency Large Institutions CRA Examination Procedures. As such, performance was assessed under the lending, investment, and service tests. The sample period for the lending test was July 1, 2007 through June 30, 2009. Community development loans were reviewed for the period from July 1, 2007 to October 23, 2009. Community development investment and service activities were reviewed for the period of October 23, 2007 to October 23, 2009, since community development information through October 22, 2007 was considered at the previous examination. The examination also involved discussions with members of the bank's local communities and bank management as well as a review of relevant information and data to help provide context for the

bank's performance. Demographic and economic information also impacts the bank's performance context and is discussed in detail within each full scope area.

The lending test performance, which was weighted more heavily than either the investment or service tests, was based on small business and community development loans originated during the review period. The bank does not originate home mortgage or small farms loans.

The Los Angeles-Orange and New York-New Jersey assessment areas received full-scope reviews. The Oakland and San Jose assessment areas were analyzed using a limited scope format due to the bank's limited presence and lending activities in these areas. The Los Angeles-Orange assessment area received greater weight in this performance evaluation based on the bank's overall presence and the relative lending and deposit activity. Within the two areas receiving full-scope reviews, the Los Angeles, CA MD portion and the New York-White Plains-Wayne, NY-NJ MD portion of the two individual assessment areas received greater weight as the bank's presence in these areas is more prominent in terms of branches, loan volume, and percentage of deposits.

The scope of the evaluation is consistent throughout the evaluation unless otherwise noted.

Conclusions with Respect to Performance Tests

LENDING TEST

Nara's overall performance under the lending test is high satisfactory. Small business lending activity was adequate, with a high percentage of loans originated within the bank's assessment areas. The distribution of loans in low- and moderate-income census tracts was excellent throughout the assessment areas. The overall distribution of loans to businesses of different sizes was good. Nara's relatively high level of community development lending addressing key needs within the assessment area supported the bank's overall performance.

Lending Activity

Overall, lending levels are adequate in light of the adverse economic environment that existed for much of the review period, which included, among other factors tightened lending standards and a reduction in demand for credit. The bank's loan activity during the two year sample period demonstrates an adequate response to the credit needs of its assessment areas.

Exhibit 2 on the following page and Tables 1 and 6 in Appendix B¹ show that the bank extended a reasonable level of small business loans. Overall, loan volumes in the various assessment areas compare reasonably with the bank's share of deposits in their respective markets.

¹ All *tables* referenced in this document can be found in Appendix B – CRA Core Tables.

EXHIBIT 2				
SUMMARY OF LENDING ACTIVITY				
JULY 1, 2007 TO JUNE 30, 2009				
Loan Type	#	%	\$ ('000s)	%
Small Business	1,451	100.0	498,664	100.0

Assessment Area Concentration

As shown in the following exhibit, a high percentage of loans by number of transactions and by dollar volume was made within the assessment areas during the review period. Exhibit 3 shows the number and dollar volume of loans extended inside and outside of the assessment area during the evaluation period. The tables in Appendix B contain additional information regarding lending within the separate assessment areas.

EXHIBIT 3								
LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREAS								
JULY 1, 2007 TO JUNE 30, 2009								
Loan Type	Inside				Outside			
	#	%	\$ ('000s)	%	#	%	\$ ('000s)	%
Small Business	1,199	82.6	388,279	77.9	252	17.4	110,385	22.1

Geographic and Borrower Distribution

Overall, the geographic and borrower distributions of loans demonstrate excellent penetration throughout all four assessment areas. This overall conclusion is based on a variety of performance context issues that affect the individual conclusions in the separate assessment areas. Therefore, the facts and data supporting this overall conclusion are presented within the separate assessment area analyses.

The bank’s lending demonstrated strong dispersion among census tracts of different income levels, with particularly strong lending levels in low- and moderate-income areas. Loans were generally distributed throughout the assessment areas in a manner consistent with the distribution of local small businesses, with no conspicuous lending gaps. Similarly, Nara extended a substantial number of loans to small businesses across all assessment areas, proportionately well in excess of other lenders in its assessments areas. The bank also made a substantial percentage of small business loans in small dollar amounts, and thus helped meet a stated credit need within the bank’s assessment areas.

To help meet the needs of small and start-up businesses, Nara made a number of loans under its Simple Loan and SBA programs. Simple Loan is based on the borrower’s credit score and provides fast approval with flexible underwriting guidelines for loans up to \$50,000. The bank made 90 loans totaling \$7.8 million during the review period, 59 in the Los Angeles-Orange assessment area and one in the New York-New Jersey assessment area. With regard to SBA

lending, Nara has preferred lender status, allowing it to make SBA guaranteed loans under the SBA 7(a) and SBA 504 programs. Nara also offers SBA Express loans, where smaller businesses can obtain loans up to \$250,000 for working capital, equipment purchase, or renovation with approval provided within 36 hours. Nara made 19 SBA Express loans during the period, five in the Los Angeles-Orange assessment area and ten in the New York-New Jersey assessment area.

Community Development Lending

Nara's community development lending demonstrates a relatively high level of responsiveness to community credit needs, considering contextual factors such as the bank's capacity and the strong competition within its market areas. As depicted in Tables 1 and 6, Nara extended 43 community development loans totaling \$89.8 million during the review period. Community development loans benefiting specific assessment areas are addressed under that particular portion of the evaluation. In addition to lending within its assessment areas, Nara also extended \$12.0 million that served a broader statewide or regional area.

Overall, these loans demonstrated good responsiveness to community credit needs within its primary assessment areas. Over 75.0 percent of the loans helped to sustain or increase employment and businesses within economically distressed areas. Moreover, the level of community development lending was generally consistent with the bank's presence in each market. While there was an absence of community development lending in portions of the New York-New Jersey assessment area, this performance did not detract from Nara's overall performance given the bank's limited presence and resources within these markets.

INVESTMENT TEST

Nara's overall performance under the investment test is high satisfactory. Nara provided a significant level of qualified investments that were responsive to the credit and community development needs within its communities – \$16.6 million in investment activity with \$3.0 million in unfunded commitments. Nara also made use of tax credit investments to help meet the critical need for affordable housing within the bank's assessment areas. Investments were made proportionately in each of the bank's assessment areas. Investments benefiting specific assessment areas are addressed under that particular portion of the evaluation.

Tables 4 and 9 show the distribution of investments among the different assessment areas as well as a breakdown as to whether or not those investments were funded during the current review period. As noted, Nara funded a significant number of investments benefiting a broader regional area including its assessment areas. Some of these more significant investments include:

- A \$5.5 million prior-period investment in a CRA Qualified Investment Fund. During the current period, the fund fully reallocated the entire investment to community development projects which supported affordable housing in Los Angeles and New York and a small business located in a moderate-income census tract within Los Angeles County.

- A \$1.3 million prior-period investment in a mortgage-backed security collateralized by five properties purchased by low- and moderate-income individuals located in Alameda, Orange, and Santa Clara counties.
- Nara maintained a \$95,000 deposit in a minority-owned community development financial institution whose mission is to provide affordable financial services to support economic development with a focus on low- and moderate-income areas.

Nara also maintains the Nara Scholarship Foundation. This is a non-profit organization established to provide educational grants for students from low- and moderate-income families in the bank's assessment areas. Applicants must meet specific academic, as well as, financial criteria. Eligible applicants must reside in one of the bank's assessment areas and cannot come from a family whose income exceeds 80.0 percent of the Department of Housing and Urban Development's (HUD) adjusted median family income for their respective assessment area. A copy of the family's tax return must be submitted along with the application. Since the prior examination, the bank extended 116 scholarships totaling \$185,000.

Lastly, Nara disbursed \$172,750 in grants and donations to numerous community development organizations that support community development initiatives throughout its assessment areas.

SERVICE TEST

Nara's overall performance under the service test is high satisfactory. The relatively high level of community development services provided by bank employees within the bank's primary markets was a key driver of the overall performance under this test.

Retail Banking Services

Nara's delivery systems are reasonably accessible to essentially all portions of its assessment areas. The bank uses a network of 20 branches to deliver its commercial and retail banking services; nine of these branches are located in low- and moderate-income census tracts. Services, branch hours, and alternative delivery systems are tailored to meet the convenience and needs of the various communities. The bank effectively uses a variety of alternative delivery systems to allow access to banking services after normal branch hours. These include internet and telephone banking, and automated teller machines. In 2007, Nara enhanced its electronic banking services by offering remote deposit capture and cash management services to its business clients. All branches offer the full range of products and services and are open for business Monday through Saturday. Multilingual services are also offered.

Community Development Services

Nara provided a relatively high level of community development services that were responsive to community development needs in its assessment areas. During the review period, over 200 employees provided approximately 1,600 hours of community development services to over 20 different organizations that promote affordable housing, revitalize or stabilize low- and moderate-income communities, provide community services targeted to low- and moderate-income individuals, and further economic development. The level and impact of qualified services provided during the period is significant relative to the bank's capacity.

The most significant community development services provided consisted of financial literacy training to Nara Scholarship Foundation recipients and outreach to high schools to recruit scholarship applications. The Foundation, created by Nara in 2001, provides college scholarships and financial literacy training to 100 students from low- and moderate-income families each year. In addition, 10 bank officers serve on the Nara Scholarship Foundation board and spent 75 hours during the review period providing oversight to the program and reviewing scholarship applications. Other activities included participation on boards of community-based organizations, providing technical assistance and training sessions for small businesses, and assisting non-profit community development organizations in obtaining grants for affordable housing. The bank also serves as the agent bank for a community development financial institution that provides loans to small businesses in Los Angeles. A more in-depth description of the bank's community development service activities may be found under the appropriate assessment area conclusion.

Fair Lending or Other Illegal Practices Review

The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations. The fair lending review conducted concurrently with this examination did not reveal evidence of discriminatory lending practices and there were no other regulatory violations noted that would negatively affect the bank's CRA performance assessment.

STATE OF CALIFORNIA

CRA Rating for California

Performance in California is rated “SATISFACTORY”

The lending test is rated:	High Satisfactory
The investment test is rated:	High Satisfactory
The service test is rated:	High Satisfactory

The major factors supporting the institution’s rating include:

- An excellent geographic distribution of small business loans, particularly in Los Angeles-Orange assessment area;
- An excellent level of lending to businesses of different sizes;
- The significant impact of community development lending and investments in addressing needs for affordable housing and small business credit;
- Retail banking services which are reasonably accessible to essentially all portions of the bank’s assessment areas; and
- A relatively high level of community development services that benefitted low- and moderate-income individuals and small businesses.

Scope of Examination

The scope of the examination for the state of California is consistent with the overall scope of the CRA examination. As previously stated, the Los Angeles-Orange assessment area received a full-scope review and the greatest weight in the overall assessment considering the bank’s presence in this market. Within this assessment area, the Los Angeles, California MD received greater weight as the bank’s presence in Los Angeles County is more prominent in terms of branches, loan volume, and percentage of deposits. The Oakland and San Jose assessment areas were analyzed using a limited scope format due to the bank’s limited presence and volume of activity in these areas.

Description of Operations in California

Nara operates within three assessment areas within the state of California: Los Angeles-Orange, Oakland, and San Jose. These areas contain 15 of the bank’s 20 branches, as well as the bank’s corporate and administrative headquarters. In addition, 73.0 percent of deposits² and 63.0 percent of Nara’s small business loan originations during the review period occurred in California. While Nara’s branch network is concentrated in this market, Nara’s presence relative to other lenders is limited given the number of lenders operating in this market for financial

² FDIC, Summary of Deposits, June 2009 (accessed October 22, 2009); available from <http://www.fdic.gov>.

services. There are 352 Federal Deposit Insurance Corporation (FDIC)-insured depository institutions in California, with Nara ranking 40th in deposit balances with a 0.2 market share.³

The state of California has a large and diverse economy. Major industries supporting the economy include international trade, travel and tourism, defense electronics and aerospace, and financial and business industries. The most significant industries in terms of employment include the trade, transportation, and utilities sector, and the professional and business services sector. Other major employers include manufacturing, government, leisure and hospitality, and educational and health services.

According to Moody's Economy.com, the California economy began slowing by the end of 2006 and had deteriorated significantly by the beginning of 2008. As of August 2008, the California economy was officially in a recession and continued to weaken through mid 2009. Problems that originated in housing and mortgage finance spread to the rest of the economy, leaving very few industries untouched. Retail sales deteriorated sharply over the winter and spring, especially at the state's auto dealers. Tourism declined across the state, and the manufacturing and transportation sectors have been hard hit. Nonresidential and public works construction also have declined sharply. As employment, income and taxable sales shrank, state and local government revenues fell putting pressure on government spending plans for coming years. At mid 2009, California was in the depths of a severe recession and unemployment had hit post World War II highs. Employment has declined across the state and only a few industries are growing.

The declining economic conditions during the review period resulted in financial institutions tightening their lending standards and terms on all major loan products. The move toward more stringent lending policies was a trend throughout 2008. According to the October 2008 Senior Loan Officer Opinion Survey on Bank Lending Practices conducted by the Federal Reserve Board of Governors, the net percentage of respondents that reported tightening standards, increased relative to the July survey for both commercial and industrial loans and commercial real estate loans. Previous surveys followed the same pattern. Also, survey results indicated the demand for loans from both businesses and households weakened during the review period. Although there was some decline in demand, community representatives indicated that tightened lending has resulted in a need for micro loans to small businesses. Given current economic conditions, the lack of funding for working capital as well as start-up financing will continue to be a challenge for small businesses. Also, community representatives stated that many small business owners would benefit from additional financial education and technical assistance.

Comments from community representatives, as well as business and economic data, suggest that small business financing remains a significant credit need. Specifically, community representatives indicated that credit facilities designed to accommodate small companies with short credit histories or limited collateral would help meet these needs.

California remained one of the most expensive housing markets in the country during this review period. The housing market experienced dramatic declines beginning in 2007. Troubles began

³ FDIC, Summary of Deposits, June 2009 (accessed October 22, 2009); available from <http://www.fdic.gov>.

from the region's high share of adjustable-rate sub-prime loans.⁴ As mortgages reset, borrowers faced increasing difficulty in meeting their housing payments or refinancing to cheaper loans.

While declining home prices increased the first-time buyer affordability index, from roughly 20.0 percent in 2007 to 57.0 percent in 2009,⁵ community contacts indicated that there is still a critical need for housing affordable to low- and moderate-income families and individuals. With the disparity between home prices and incomes, there continues to be a housing affordability gap. As such, the creation and rehabilitation of affordable housing are critical to meeting this need. Declining home prices also affected the ability of small businesses to obtain resources for working capital previously funded through home equity loans. Consequently, small working capital loans not tied to home equity became a critical need during the review period.

In addition to affordable housing, members of the community also commented on the need for financial institutions to develop products and services in response to the current economic climate. The staggering increase in mortgage delinquencies and foreclosures increased the need for credit counseling and foreclosure prevention programs. Moreover, with more employees losing their jobs and with it, the ability to pay debt obligations, there was also an increasing need for credit repair products such as cash secured loans that could be used to improve impaired credit histories.

Conclusions with Respect to Performance Tests in California

Conclusions regarding Nara's performance in California with respect to the lending, investment and service tests are the same as the overall conclusions in Los Angeles-Orange. The following sections contain specific comments regarding the individual assessment areas within the state of California, noting any differences in performance among the individual areas.

⁴ Moody's Economy.com, Précis METRO, Los Angeles, April 2007.

⁵ California Association of Realtors®, Trends in California Real Estate, Volume 30, Number 7, July 2009 available at <http://www.car.org/data/marketdata>.

Los Angeles-Orange Assessment Area

DESCRIPTION OF OPERATIONS IN LOS ANGELES-ORANGE

The Los Angeles-Orange assessment area is composed of Los Angeles County and Orange County in their entirety. Each county is part of the Los Angeles-Long Beach-Santa Ana MSA. Both counties share many economic and demographic characteristics. However, each county represents a separate metropolitan division. Los Angeles County is in the Los Angeles-Long Beach-Glendale, CA MD. The principal cities in this assessment area are Los Angeles, Long Beach, and Glendale. Nara operates 10 offices in the county, representing 50.0 percent of its branch network, as well as the bank's corporate and administrative headquarters. Four branch locations are situated in the city of Los Angeles while the others are located in Diamond Bar, Gardena, Glendale, Rowland Heights, Torrance, and Van Nuys. Orange County is in the Santa Ana-Anaheim-Irvine, CA MD which includes the principal cities of Anaheim, Costa Mesa, Newport Beach, and Santa Ana. Nara operates three offices in Orange County which are located in the cities of Buena Park, Garden Grove, and La Palma. According to current estimates, Los Angeles County is the most populous county in the nation, exceeding 10.3 million people and Orange County had over 3 million residents in 2008.⁶

Although the majority of the bank's branch network is situated in Los Angeles County, Nara's share of the overall market is nominal. As of June 30, 2009, 174 FDIC-insured depository institutions operated 2,508 offices in the county, with Nara ranking 29th in deposit balances and a 0.4 percent market share.⁷ Similarly, Nara ranked 43rd out of 229 CRA lenders reporting small business loan data in 2008 with a 0.04 percent market share. In light of the large number of institutions that operate in this market, competition for lending and deposit products as well as community development opportunities is significant.

The following exhibit presents key demographic and business information, based upon the 2000 U.S. Census, and the 2008 Dun & Bradstreet data, used to help develop a performance context for the assessment area.

⁶ State of California Employment Development Department, *Los Angeles and Orange County Profiles*, (accessed November 4, 2009); available from www.labormarketinfo.edd.ca.gov.

⁷ FDIC, Institution Directory, *Summary of Deposits*, June 30, 2009 (accessed October 22, 2009); available at: <http://www2fdic.gov/sod/>.

EXHIBIT 4								
ASSESSMENT AREA DEMOGRAPHICS ⁸								
LOS ANGELES-ORANGE ASSESSMENT AREA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	200	7.6	177,139	6.3	66,903	37.8	653,549	23.1
Moderate-income	736	28.0	771,693	27.3	166,193	21.5	476,112	16.8
Middle-income	766	29.1	870,585	30.8	86,855	10.0	514,488	18.2
Upper-income	912	34.7	1,008,806	35.7	38,169	3.8	1,184,074	41.9
Tract not reported	17	0.6	0	0.0	0	0.0	0	0.0
Total AA	2,631	100.0	2,828,223	100.0	358,120	12.7	2,828,223	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%-tract	%-units	#	%	#	%
Low-income	266,283	35,850	1.7	13.5	213,392	80.1	17,041	6.4
Moderate-income	1,106,668	344,128	16.6	31.1	712,938	64.4	49,602	4.5
Middle-income	1,308,411	662,046	31.9	50.6	599,174	45.8	47,191	3.6
Upper-income	1,559,004	1,031,862	49.8	66.2	469,649	30.1	57,493	3.7
Tract not reported	27	1	0.0	3.7	21	77.8	5	18.5
Total AA	4,240,393	2,073,887	100.0	48.9	1,995,174	47.1	171,332	4.0
Income Categories	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	44,670	7.2	38,952	7.1	4,334	7.9	1,384	9.7
Moderate-income	148,217	24.0	130,144	23.7	14,186	26.0	3,887	27.2
Middle-income	182,318	29.5	161,704	29.4	16,410	30.1	4,204	29.4
Upper-income	238,545	38.6	215,195	39.2	18,683	34.3	4,667	32.7
Tract not reported	4,496	0.7	3,424	0.6	933	1.7	139	1.0
Total AA	618,246	100.0	549,419	100.0	54,546	100.0	14,281	100.0
Percentage of Total Businesses		88.9		8.8		2.3		
2004 Median Family Income:			June 2009 Median Housing Value: ⁹			June 2009 Unemployment Rate: ¹⁰		
Los Angeles MD			\$46,509	Los Angeles MD			\$325,000	
Orange MD			\$64,321	Orange MD			\$415,500	
2009 HUD Adjusted Median Family Income:			June 2009 Unemployment Rate: ¹⁰			June 2009 Unemployment Rate: ¹⁰		
Los Angeles MD			\$62,100	Los Angeles MD			11.1%	
Orange MD			\$86,100	Orange MD			8.8%	

⁸ 2000 U.S. Census and 2008 Dun & Bradstreet Data.

⁹ Trends in California Real Estate, Volume 30, Number 7, July 2009, California Association of Realtors.

¹⁰ Bureau of Labor Statistics (Haver Analytics), available from <http://www2.fdic.gov/recon>.

As shown in Exhibit 4 on page 13, the bank's Los Angeles-Orange assessment area hosts a large number of small businesses, the vast majority of which have gross annual revenues of \$1.0 million or less. Economic deterioration was worse in Los Angeles County based on its higher unemployment rate at 11.1 percent versus that of Orange County at 8.8 percent as of June 2009. Throughout the review period, job cuts were seen across most major industry groups including construction and related industries, travel and tourism, retailing and transport services, manufacturing, and particularly for Orange County, from the financial services and sub-prime mortgage industries.

Los Angeles County has a large and diverse economy that has multiple drivers providing broad support; these drivers include defense, aerospace, trade, tourism, and consumer goods.¹¹ In addition, a highly educated workforce along with good ties to international trade due to major ports in Long Beach and Los Angeles add support to the local economy.¹² The top four employers based on industry include professional and business services with 14.5 percent, government with 14.4 percent, education and health services with 11.8 percent, and manufacturing with 11.3 percent.¹³ In addition, retail trade and, leisure and hospitality services each account for 10.3 and 9.5 percent respectively of employment.¹⁴ The top ten major employers in the area include Kaiser Permanente, Northrop Grumman Corporation, The Boeing Company, The Kroger Company, Vons, University of Southern California, Target Corporation, Bank of America Corporation, The Home Depot, and AT&T Incorporated.¹⁵ Nevertheless, it is noted that small businesses make up 88.9 percent of all businesses by number.

The economy in Los Angeles-Orange assessment area began slowing in 2007 and by December of 2008 had slipped into a deeper recession.¹⁶ From the middle of 2007 through December of 2008 over 37,000 jobs had been lost and the unemployment rate was at its highest level since 1994.¹⁷ Unlike Orange County, which saw large job losses in one area (subprime mortgage lending), Los Angeles County has seen more broad based job cuts. Job cuts occurred in construction, financial activities, trade, manufacturing, and in professional and business services.¹⁸ However, not all industries lost jobs, those gaining jobs included information, education and health services, and government. Overall the unemployment rate rose from 5.0 percent in 2007 to 11.1 percent in June 2009.

Like Orange County, Los Angeles County has seen a rise in housing inventories in line with the nationwide fall of the previously high flying housing market. At the beginning of the review period, there was an estimated 20 months of inventory of unsold homes with only Orange County having a higher amount in the state.¹⁹ While housing remains weak, some of the supply was reduced by the end of the review period in 2009. This reduction in housing supply was

¹¹ Moody's Economy.com, Inc. Précis Metro, Los Angeles, December 2007.

¹² *Ibid.*

¹³ *Ibid.*

¹⁴ *Ibid.*

¹⁵ *Ibid.*

¹⁶ Moody's Economy.com, Inc. Précis Metro, Los Angeles, December 2008.

¹⁷ *Ibid.*

¹⁸ *Ibid.*

¹⁹ Moody's Economy.com, Inc. Précis Metro, Los Angeles, December 2007.

largely accomplished through a large drop in home prices, which are down nearly 65.0 percent from 2007 to 2009 for homes priced below \$262,000.²⁰ The falling price of homes was also reflected in foreclosure rates as more homeowners have negative equity and may be facing job losses. For example, foreclosure activity was up 69.0 percent in November 2008 versus November 2007.²¹ While the depressed housing market has helped affordability, this is somewhat offset by a tightening of credit standards reducing the availability of credit for home loans. In addition, housing affordability in Los Angeles County remains among the lowest nationwide.²² Similarly, the availability of business credit of all types has been reduced through the raising of standards in most banks surveyed by the Board of Governors of the Federal Reserve.²³

Community contacts pointed out a number of area needs, which, for the most part are substantiated by the economic and other data from the assessment area. Specific examples of needs identified include:

- Start up financing, as home equity had been used in the past;
- Small dollar unsecured and secure loans up to \$250 thousand;
- SBA lending;
- Financial literacy;
- Business debt consolidation and restructuring loans; and
- Technical assistance for small businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN LOS ANGELES-ORANGE

Lending Test

Overall, lending test performance within the Los Angeles-Orange assessment area is good. Noted strengths include the strong geographic distribution of small business loans and the level of lending to small businesses in addition to a high level and impact of community development lending.

Lending Activity

Given contextual factors, Nara's lending activity in this assessment area is adequate. Nara generated 52.1 percent of its small business loans and 73.2 percent of its deposits within this assessment area.

²⁰ Moody's Economy.com, Inc. Précis Metro, Los Angeles, August 2009.

²¹ Crowe, Deborah. (December 11, 2008). *Foreclosures Rise in L.A. County*. Los Angeles County Business Journal online. (accessed June 2, 2009); available from <http://www.labusinessjournal.com/article.asp?aID=15986567.6957104.1719211.3803183.5866874.624&aID2=132238>

²² Moody's Economy.com, Inc. Précis Metro, Los Angeles, August 2009.

²³ Board of Governors of the Federal Reserve, October 2008 *Senior Loan Officer Survey on Bank Lending Practice, November 2008* (accessed May 29, 2009) available from; <http://www.federalreserve.gov/boarddocs/SnLoanSurvey/>.

Lending Distribution by Geography

The geographic distribution of small business loans is excellent. As seen on Table 2, small business lending was strongest in low- and moderate-income census tracts, with significantly higher percentages of lending in these census tracts than either the percentage of businesses or aggregate lending. Additionally, the bank's market share of lending in low- and moderate-income areas is significantly higher than its overall market share in the assessment area. The level of lending in middle- and upper-income areas was generally lower given the bank's focus on business segments and branches that are more highly concentrated in low- and moderate-income areas. The areas surrounding the bank's branches reasonably reflected higher concentrations of lending, and there were no conspicuous lending gaps in the assessment area.

Lending Distribution by Business Revenue

The level of lending to small businesses is excellent. As seen on Table 3, approximately half of all small business loans were made to small businesses. At this level, Nara's performance substantially exceeded that of the aggregate market and is reasonable in relation to the percentage of small businesses. A significant percentage of loans were made in amounts less than \$100,000, which helped address an articulated credit need for smaller dollar loans. As mentioned earlier, the bank's Simple Loan and SBA Express products contributed to its effectiveness in meeting this need. Nara made 59 Simple Loans and five SBA Express loans in Los Angeles-Orange counties during the review period.

Community Development Lending

The bank made a relatively high level of community development loans within the assessment area. As seen on Table 1, Nara funded 23 community development loans totaling \$51.3 million, of which roughly 90.0 percent were made to existing businesses located within enterprise zones. Many of these loans financed sales growth, business expansion, and increased or retained employment within the assessment area. The following are examples of loans made by Nara that met critical credit and community development needs within the community:

- A \$5.0 million loan to a minority-owned community development financial institution who serves the credit needs of minorities in low- and moderate-income areas of mid-city and south Los Angeles.
- Five new loans totaling \$12.7 million for business acquisition and expansion in enterprise zones in Los Angeles County. These facilities allowed for the revitalization of low- and moderate-income census tracts and the creation or retention of employment for approximately 45 low- and moderate-income individuals.
- A \$5.0 million credit facility to a community organization for the purchase of commercial property in a moderate-income census tract. The organization has five community service organizations as tenants. This loan will allow for the coordination and expansion of community services to low- and moderate-income residents among the five

organizations, allowing them to serve this portion of the community more effectively and efficiently.

- A 1.9 million loan to refinance commercial property allowed the owner to keep rents affordable for a major tenant that operates the county's Head Start Preschool Program for disadvantaged children and families.
- Renewal of a \$2.0 million operating line of credit to company working a printing business located in a moderate-income census tract in Santa Ana's enterprise zone. The facility allowed for business expansion and the retention of employment for eight low- and moderate-income workers.

Investment Test

Performance under the investment test is good given community credit needs, the bank's financial capacity and strategic focus, and competition from other market participants. The bank made significant levels of qualified community development investments and grants and occasionally invested in those not routinely provided by private investors. As noted on Table 4, the bank made a total of 42 qualified investments and grants totaling \$4.8 million within the Los Angeles-Orange assessment area. The bank also made three investments totaling \$7.0 million that benefited a wider regional area that includes the bank's assessment area.

These investments provided significant benefit to the community by funding community development projects in low-income census tracts and by supporting numerous non-profit organizations that provide community services to low- and moderate-income individuals and families. Of particular note, the bank made significant use of tax credit investments to help provide affordable housing and generally exhibits good responsiveness to credit and community development needs that are appropriate for its commercial lending focus. The following are examples of the bank's community development investments:

- Over \$4.7 million were invested in Low-Income Housing Tax Credits (\$3.4 million during prior periods and \$1.3 million during the review period). The majority funded affordable housing projects during a prior period that resulted in over 700 units of housing affordable to low- and moderate-income individuals and families.
- Purchase \$1.8 million in municipal bonds during prior periods to support a downtown redevelopment project which included the development of low- to moderate-income affordable housing in Los Angeles County.
- Made \$129,250 in grants and donations to community organizations which support affordable housing, small businesses, and services to low- and moderate-income individuals and families. A total of \$6,600 in donations was of direct benefit to Orange County.
- Extended 88 scholarships totaling \$144,000 benefiting students from low- and moderate-income families in the assessment area during the review period. In Los Angeles County,

69 scholarships were extended totaling \$109,000 and 19 scholarships totaling \$35,000 were extended in Orange County.

Service Test

Performance under the service test is good. The high impact and significant level of community development services provided by bank employees was a key driver for the overall performance under this test. Also contributing to overall performance rating was the improved accessibility of banking services in the low-income census tract where the bank opened a branch during the review period.

Retail Banking Services

Retail service delivery systems are reasonably accessible to essentially all portions of the assessment area. All branches offer the full range of products and services and are open for business Monday through Saturday. Given the bank's predominantly business clientele, its hours, product offerings, and retail delivery systems are reasonable. Additional delivery systems, including ATMs, on-line banking, automated telephone access, banking by mail, and a courier service, provide customers additional access to bank services. Branches are located in census tracts of all income levels with six of the thirteen or 46.0 percent of branches located in low- and moderate-income census tracts. One branch was opened in a low-income census tract in Los Angeles during the period which improved the accessibility of delivery systems to low- and moderate-income areas. There were no branch closures during the evaluation period. Banking services do not vary in a way that inconveniences individuals and geographies of any income category. In addition, the bank meets the needs of its diverse community through its multilingual staff which enhances accessibility to the bank's products and services.

Community Development Services

The bank provided a relatively high level of community development services with over 150 employees participating in 35 different qualifying community development service events. Its activities were consistent with its strategic focus as a commercial bank, but also reached out to organizations that serve low- and moderate-income individuals and families. Highlights of these services included participation in small business seminars and conferences and providing technical assistance to small businesses and intermediaries supporting small businesses. In addition, significant time was devoted to financial literacy training for recipients of the Nara Scholarship Foundation. The following are examples of community development services provided within the assessment area:

- In coordination with a junior achievement program, 56 bank employees participated in a one-day financial literacy program for 550 students at a Los Angeles school where 95.0 percent of the students are eligible for the federal free and reduced lunch program.
- A member of bank management assisted with finances, fundraising, and provided financial and business expertise as a board member of a local non-profit organization. The organization is involved in providing social services in the areas of childcare and

education to low- and moderate-income families, including Individual Development Accounts. The organization also provides a number of training and technical assistance programs for small businesses and provides affordable housing for low- and moderate-income families in the Koreatown area. Over 60 hours of community development services was provided to this organization.

- Nara continued to serve as the agent bank for a Los Angeles-based community development financial institution that lends to emerging small businesses. Services performed consist of processing wire transfers, oversight of loan disbursement, reviewing loan documentation and retention of loan pool investor documents.
- Bank management provided a substantial number of hours of service on loan committees or boards of organizations that provide technical assistance to small businesses or services for low- and moderate-income individuals and families. These organizations included a neighborhood housing service, a youth and community center and a community development corporation.
- Several bank employees provided technical assistance to non-profit organizations that provide services directly to emerging small businesses or low- and moderate-income individuals, such as community financial resource center, a volunteer income tax assistance program, and a legal center.

Limited-Scope Assessment Area Conclusions

For each assessment area where a limited-scope review was performed using the examination procedures.

Nara's performance in the assessment areas receiving a limited scope review was generally below the performance in the areas receiving full-scope reviews. Due to the lower number of branches and lower percentage of deposits and loans, the limited-scope assessment areas received less weight than the full-scope areas. Consequently, performance in these areas did not materially affect the bank's overall lending, investment, and service performance assessments. Facts and data reviewed, including performance and demographic information, can be found in the tables accompanying this report.

ASSESSMENT AREA	LENDING TEST	INVESTMENT TEST	SERVICE TEST
Oakland	Below	Below	Below
San Jose	Below	Below	Below

Performance under the lending test fell below the performance in the assessment areas receiving full scope reviews. Despite the excellent geographic and borrower distribution of small business loans, the absence of community development loans detracted from the overall performance in these markets. Performance under the investment test, while adequate in relation to the bank's presence in these assessment areas, also fell below the performance in areas receiving full scope reviews. Similarly, performance under the service test fell below the areas receiving full scope reviews. The limited service hours were adequate in the San Jose assessment area, but poor in the Oakland assessment area. Additional facts and data used to conduct the limited scope reviews are provided on the tables accompanying this report.

MULTISTATE METROPOLITAN AREA New York-New Jersey Multistate Assessment Area

CRA Rating for New York-New Jersey Multistate Assessment Area

Performance in MSA 35620 is rated “SATISFACTORY”

The lending test is rated:	High Satisfactory
The investment test is rated:	Low Satisfactory
The service test is rated:	Low Satisfactory

The major factors supporting the institution’s rating include:

- An excellent geographic distribution of small business loans;
- A good distribution of loans to businesses of different sizes;
- A relatively high level of community development lending;
- An adequate number and dollar amount of qualified investments and qualified community development services; and
- Reasonably accessible delivery systems to geographies and individuals of different income levels.

Scope of Examination

The scope of the examination for the New York-New Jersey assessment area is consistent with the overall scope of the CRA examination. Although the bank’s presence in the MSA is limited to a relatively small portion of this jurisdiction, as previously stated, a full scope review of the New York-New Jersey assessment area was conducted in order to determine the overall multistate metropolitan statistical area rating. Within the multistate MSA, the New York-White Plains-Wayne, NY-NJ MD received greater weight as the bank’s presence is more prominent in terms of branches, loan volume, and percentage of deposits. Given the bank’s business focus, small business lending was the only product available for review.

Description of Operations in New York-New Jersey Assessment Area

Nara has five branch locations and an administrative office in this assessment area, representing a limited presence within this intensely competitive market. Nara’s presence in the multistate MSA includes Queens and New York Counties in New York and Bergen County in New Jersey which are all part of the New York-White Plains-Wayne, NY-NJ MD. During the review period, a branch office was opened and closed in the Edison-New Brunswick, NJ MD while another branch was opened in the NY-White Plains-Wayne MD. As of June 30, 2009, its five offices

within the area held \$668.4 million in deposits, representing less than 0.1 percent of market share, while the three largest institutions held 47.0 percent of the area deposits.²⁴ Nara was ranked 75th out of 244 FDIC-insured depository institutions operating 5,778 offices. Competition for small business loans is also substantial. In 2008, there were 298 CRA small business lenders reporting loans in the assessment area, with Nara ranking 47th with a percent market share of less than 0.02 percent. This proliferation of lenders results in intense competition within the assessment area regarding the provision of financial products and services. Primary competitors in the market consist of large national and regional organizations that also compete with Nara for community development loans and investments.

The following exhibit presents key demographic and business information, based upon the 2000 U.S. Census and 2008 Dun & Bradstreet data, used to help develop a performance context for the New York-New Jersey assessment area.

²⁴ FDIC, Institution Directory, *Summary of Deposits*, June 30, 2009 (accessed October 23, 2009); available from <http://www2.fdic.gov/sod>.

EXHIBIT 5								
ASSESSMENT AREA DEMOGRAPHICS ²⁵								
NEW YORK-NEW JERSEY ASSESSMENT AREA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	445	9.9	399,343	8.8	153,279	38.4	1,045,765	23.2
Moderate-income	1,004	22.3	985,945	21.8	187,786	19.0	739,590	16.4
Middle-income	1,602	35.6	1,634,794	36.2	107,867	6.6	861,038	19.1
Upper-income	1,362	30.3	1,495,403	33.1	44,300	3.0	1,869,092	41.4
Tract not reported	84	1.9	0	0.0	0	0.0	0	0.0
Total AA	4,497	100.0	4,515,485	100.0	493,232	10.9	4,515,485	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%-tract	%-units	#	%	#	%
Low-income	621,764	68,499	2.0	11.0	508,662	81.8	44,603	7.2
Moderate-income	1,573,156	421,302	12.5	26.8	1,037,481	65.9	114,373	7.3
Middle-income	2,488,981	1,373,140	40.7	55.2	977,315	39.3	138,526	5.6
Upper-income	2,372,327	1,510,288	44.8	63.7	762,734	32.2	99,305	4.2
Tract not reported	242	25	0.0	10.3	84	34.7	133	55.0
Total AA	7,056,470	3,373,254	100.0	47.8	3,286,276	46.6	396,940	5.6
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	47,493	5.4	41,684	5.4	3,402	4.2	2,407	9.5
Moderate-income	140,328	16.0	124,590	16.1	10,287	12.8	5,451	21.5
Middle-income	294,344	33.5	261,742	33.8	24,264	30.2	8,338	32.8
Upper-income	390,230	44.4	339,994	44.0	41,201	51.3	9,035	35.6
Tract not reported	6,631	0.8	5,275	0.7	1,190	1.5	166	0.7
Total AA	879,026	100.0	773,285	100.0	80,344	100.0	25,397	100.0
Percentage of Total Businesses			88.0		9.1		2.9	
2004 Median Family Income:					June 2009 Median Housing Value: ²⁶			
NY-White Plains-Wayne			\$49,461		NY-White Plains-Wayne		\$425,200	
Nassau-Suffolk			\$76,221		Nassau-Suffolk		\$386,800	
Edison-New Brunswick			\$69,978		Edison-New Brunswick		\$331,700	
Newark-Union			\$68,424		Newark-Union		\$379,400	
2009 HUD Adjusted Median Family Income:					June 2009 Unemployment Rate: ²⁷			
NY-White Plains-Wayne			\$64,800		NY-White Plains-Wayne		8.5%	
Nassau-Suffolk			\$101,800		Nassau-Suffolk		7.0%	
Edison-New Brunswick			\$92,700		Edison-New Brunswick		8.2%	
Newark-Union			\$88,400		Newark-Union		8.5%	

²⁵ 2000 U.S. Census and 2008 Dun & Bradstreet Data.

²⁶ National Association of Realtors, *Metropolitan Median Prices*, available from <http://www.realtor.org/research/research/metropriice>.

²⁷ Bureau of Labor Statistics (Haver Analytics), available from <http://www2.fdic.gov/recon>.

The New York-New Jersey assessment area is substantially comprised of an urban population as it is predominantly located in and around the Greater New York metropolitan area, and includes New York City (Bronx, Kings, New York and Queens Counties) with its two key demographic features – its population density and cultural diversity. The New York City area represents one of the largest and most densely populated metropolitan areas globally. New York City is exceptionally diverse and throughout its history the city has been a major point of entry for immigrants. Currently, approximately 36.0 percent of the city’s population is foreign born.²⁸ Recent immigrants may have limited or no credit histories, different beliefs about borrowing, and language barriers. The combination of these factors and the possible need for financial literacy education provides lending challenges.

This portion of the bank’s assessment area represents one of the largest and most densely populated global metropolitan areas, and is considered one of the financial centers of the world. There is also a notable portion of this assessment area that maintains a substantially suburban population composition within Bergen County within the state of New Jersey. Approximately 31.0 percent of the multistate assessment area population resides in low- and moderate-income geographies, and the low- and moderate-income geographies are concentrated in New York City, especially in the Bronx.²⁹

The economy of New York State as a whole, and the bank’s assessment area within New York and New Jersey, is heavily dependent upon Wall Street and growth within the financial services industry that is based in New York City. According to a regional economic publication, New York City’s economy has weakened due to the credit crisis that has affected Wall Street and the financial services industry has seen significant job losses during 2008 and into 2009, which adversely rippled throughout the economy as a whole. The unemployment rate for the multistate MSA was 8.2 percent as of February 2009.³⁰ In addition, housing prices declined throughout the New York-New Jersey area in late 2008 and are expected to continue declining throughout 2009. Moreover, the commercial real estate market is also suffering from the global recession as rents are declining, which in turn will further reduce the property values.

According to the 2000 U.S. Census, only 43.0 percent of the multistate assessment area’s housing units are owner-occupied. Only 18.0 percent of the homes in low- and moderate-income geographies are owner-occupied, making rentals the largest segment of the housing market. During the examination period, housing prices declined as according to the National Association of Realtors, the median sales price for existing single-family homes in the multistate MSA was \$372,900 in the first quarter of 2009 down from \$469,700 in 2007.³¹ Higher values are found in the suburban areas of the assessment area and in Manhattan (New York County). For most low- and moderate-income families throughout the assessment area, homeownership is not attainable given the sharp disparity between incomes and housing costs. This disparity indicates the need to provide affordable mortgage programs and develop affordable rental properties for low- and

²⁸ Bureau of Labor Statistics (Haver Analytics), available from <http://www2.fdic.gov/recon>.

²⁹ 2000 U. S. Census.

³⁰ Bureau of Labor Statistics (Haver Analytics), available from <http://www2.fdic.gov/recon>.

³¹ National Association of Realtors, available from <http://www.realtor.org/research/research/metroprice>.

moderate-income residents. Information received from community contacts also identified the need for affordable housing in this assessment area.

Notwithstanding the weak economic growth, opportunities existed regarding community development lending, investments, and community development services with which area lenders could participate. In addition to affordable housing, community contacts indicated there is a need for financial institutions to develop products and services in response to the current economic climate. Small working capital and micro loans were stated credit needs in addition to debt counseling and technical assistance.

Conclusions with Respect to Performance Tests in New York-New Jersey Assessment Area

Performance in the New York-New Jersey assessment area was concentrated in the New York-White Plains-Wayne, NY-NJ MD given the bank's presence in terms of branches, loan volume, and percentage of deposits in this area.

LENDING TEST

Overall, lending test performance within the New York-New Jersey assessment area is high satisfactory. Noted strengths include a strong geographic distribution of small business loans, a good distribution of loans to businesses of different sizes, and a relatively high level of community development lending.

Lending Activity

Given contextual factors, Nara's lending activity in this assessment area is adequate. Nara generated 36.9 percent of its small business loans and 27.4 percent of its deposits within this assessment area. In light of the adverse economic environment in which the bank has operated within the review period, the bank's loan production activity indicates an adequate response to the credit needs of the assessment area.

Lending Distribution by Geography

The geographic distribution of small business loans is excellent. As seen on Table 7, small business lending was strong in low- and moderate-income census tracts, with a higher percentage of lending in these census tracts than either the percentage of businesses or aggregate lending, with few exceptions. This is understandable given the bank's business strategy of focusing on business segments, branches that are more highly concentrated in the low- and moderate-income areas. The areas surrounding the bank's branches reasonably reflected higher concentrations of lending, and there were no conspicuous lending gaps in the assessment area.

Lending Distribution by Business Revenue

The level of lending to small businesses was good. As seen on Table 8, over 30.0 percent of small business loans were made to small businesses. The bank's performance exceeded that of the aggregate market and is reasonable in relation to the percentage of small businesses. Over 25.0 percent of these loans were made in amounts less than \$100,000, thereby addressing an articulated credit need. As mentioned earlier, the bank's Simple Loan and SBA Express products contributed to the bank's effectiveness in meeting the need for small dollar loans. Nara made nine Simple Loans and 10 SBA Express loans in the assessment area during the review period.

Community Development Lending

The bank made a relatively high level of community development loans within the assessment area. Loan proceeds were used to support the revitalization and stabilization of low- and moderate-income areas, economic development by creating and retaining employment for over 150 low- to moderate-income individuals, and for affordable housing. As shown on Table 6, the bank extended 14 community development loans totaling \$23.1 million in the New York-White Plains-Wayne, NY MD. The lack of community development lending in the other portions of the assessment area is reasonable given the bank's small presence and level of competition from other lenders. The following are some examples of community development loans made by Nara that met critical needs within the community:

- Five loans totaling \$6.4 million for the purchase of commercial buildings operating as supermarkets that serve low- to moderate-income census tracts in the Bronx and Queens communities.
- A \$3.2 million loan to refinance a commercial building for business expansion promoting economic development through job creation for the adjacent low- to moderate-income census tracts.
- Renewal of a \$550,000 loan to a neighborhood housing services organization to provide construction financing for a multi-family affordable housing apartment complex.
- Renewal of a \$2.0 million loan with an increase of an additional \$2.0 million to revitalize a low-income area of the Bronx by converting two commercial buildings into a retail shopping center. The conversion of these buildings will help promote the economic development within this community and the provision of services to the individuals occupying the 1,500 low- and moderate-income affordable housing units under construction in this area.

INVESTMENT TEST

Overall, investment test performance within the New York-New Jersey assessment area is low satisfactory. Considering the bank's capacity and community needs, Nara made an adequate number and dollar amount of community development investments in the assessment area. Investments and donations were generally responsive to community needs. Table 9 notates all of the investment activity in this assessment area during the review period, which includes \$3.6 million in investments made and \$1.3 million in unfunded commitments.

Investment activity included a current period Low Income Housing Tax Credit (LIHTC) investment of \$395,000 to assist in the construction of over 45 new low-income rental units in the Edison-New Brunswick, NY MD and 20 college scholarships totaling \$30,000 to students from low- and moderate-income families in the assessment area. Prior period investments include \$1.5 million in a targeted mortgage backed security collateralized by nine properties purchased by low- and moderate-income individuals located in New York, Queens, and Nassau counties and over \$1.5 million for two LIHTCs. Nara also has an unfunded commitment of \$1.3 million also associated with these two LIHTC investments.

The multistate assessment area also benefited from a broader regional prior period investment in a CRA Qualified Investment Fund that purchased \$1.2 million in LIHTCs, which further facilitated affordable housing in the assessment area.

SERVICE TEST

Performance under the service test in New York-New Jersey assessment area is low satisfactory, based primarily on Nara's adequate branch distribution in the multistate MSA and is supported by the adequate level of community development services.

Retail Banking Services

The bank's retail service delivery systems were reasonably accessible to portions of the assessment area. Nara's five branches are located Queens, New York and Bergen Counties. Two of the five or 40.0 percent of branches are located in moderate-income census tracts. The bank opened a branch in Brick, New Jersey, in a middle-income census tract, which was closed after the opening of a branch in Fort Lee, New Jersey which is located in an upper-income census tract. The Fort Lee branch is located adjacent to low- and moderate-income census tracts. All branches offer the full range of products and services and are open for business Monday through Saturdays. Banking services do not vary in a way that inconveniences individuals and geographies of any income category. Given the bank's predominantly business clientele, its hours, product offerings, and retail delivery systems are reasonable.

Additional delivery systems, including ATMs, online banking, automated telephone access, banking by mail, and a courier service, provide customers additional access to bank services. In 2007, Nara enhanced its electronic banking services by offering remote deposit capture and cash

management services to its business clients. Nara's multilingual staff enhances accessibility to the bank's products and services.

Community Development Services

The bank provided an adequate level of community development services. Over 50 employees provided approximately 240 hours of community development services related to financial literacy and social services for low- and moderate-income individuals. Nara maintained its previously formed partnership with a junior achievement program to administer a financial literacy program for students from low- and moderate-income families at an "adopted" elementary school in Queens County. Financial literacy training consisted of teaching 4th and 5th graders about business operations and kindergarteners about the vital role of a bank and the importance of saving money. Of particular note, was the financial literacy training employees provided to high school students from low- and moderate-income families that were recipients of college scholarships from the Nara Scholarship Foundation. These training events covered basic banking, budgeting, the value of credit, and the importance of saving money. Employees also provided financial services to an organization that places special emphasis on meeting the needs of marginalized community members who have less access to resources, including immigrants, elderly, and low- and moderate-income residents.

APPENDIX A

GLOSSARY OF TERMS

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 metropolitan area/assessment area.

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

Community development: All Agencies have adopted the following language. 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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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-scope review: Performance under the lending, investment, and service tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

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

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings 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-scope review: Performance under the lending, investment, and service tests is analyzed using only quantitative factors (for example, 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 metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a

MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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 multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate 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.

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.

APPENDIX B

CRA CORE TABLES

STATE OF CALIFORNIA

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NEW YORK - NORTHERN NEW JERSEY - LONG ISLAND, NY-NJ-PA MULTISTATE MSA

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NARA BANK, Los Angeles, California

Rated Area: State of California

Table 1 - Lending Volume of Reported Loans

Evaluation Period: July 1, 2007 to June 30, 2009

Assessment Area	% of Rated Area Loans	Small Business Loans		Small Farm Loans		All HMDA Loans		Community Development Loans		Total Reported Loans		% of Rated Area Deposits
		# Loans	\$ (000's)	# Loans	\$ (000's)	# Loans	\$ (000's)	# Loans	\$ (000's)	# Loans	\$ (000's)	
<i>Full-Scope Review</i>												
Los Angeles-Orange AA	82.69	626	202,290	0	0	0	0	23	51,308	649	253,598	90.29
Los Angeles MD	85.62	536	178,097	0	0	0	0	22	49,308	536	227,405	90.37
Orange MD	14.38	90	24,193	0	0	0	0	1	2,000	91	26,193	9.63
<i>Limited Scope Review</i>												
Oakland AA	11.49	87	26,941	0	0	0	0	1	1,200	88	28,141	2.96
San Jose AA	5.81	44	12,605	0	0	0	0	1	2,263	45	14,868	6.75
Broader Regional or Statewide Area								4	11,993	4	11,993	

NARA BANK, Los Angeles, California
Rated Area: State of California

Table 2 - Geographic Distribution of Small Business Loans

Evaluation Period: July 1, 2007 to June 30, 2009

Assessment Area	Total Loans from Bank		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%)				Market Share (%)				
	# Loans	% Rated Area Total	Bank Loans (%)	Business Entities (%)	Bank Loans (%)	Business Entities (%)	Bank Loans (%)	Business Entities (%)	Bank Loans (%)	Business Entities (%)	Low	Mod	Mid	Upp	Overall	Low	Mod	Mid	Upp
<i>Full-Scope Review</i>																			
Los Angeles-Orange AA	624	82.65	31.09	7.28	32.53	24.15	18.43	29.71	17.95	38.87	4.44	19.37	28.17	48.02	0.04	0.30	0.07	0.03	0.02
Los Angeles MD	534	85.58	35.39	8.57	30.34	22.13	17.23	27.70	17.04	41.61	5.26	17.85	26.56	50.32	0.05	0.33	0.08	0.03	0.02
Orange MD	90	14.42	5.56	3.55	45.56	30.00	25.56	35.52	23.33	30.94	2.20	23.50	32.54	41.76	0.02	0.07	0.03	0.02	0.01
<i>Limited Scope Review</i>																			
Oakland AA	87	11.52	20.69	10.77	20.69	16.96	35.63	39.03	22.99	33.23	6.53	13.37	38.90	41.20	0.03	0.06	0.06	0.03	0.01
San Jose AA	44	5.83	0.00	3.27	25.00	24.90	63.64	44.35	11.36	27.49	2.44	19.48	45.13	32.96	0.02	0.00	0.02	0.02	0.02

Demographic data are based on 2000 U.S. Census and 2004 OMB definitions for MSAs; business data are from 2008 Dun & Bradstreet data; aggregate lending and market share data are from 2008.

NARA BANK, Los Angeles, California

Rated Area: State of California

Table 3 - Borrower Distribution of Small Business Loans

Evaluation Period: July 1, 2007 to June 30, 2009

Assessment Area	Total Small Business Loans		Businesses with Revenue <= \$1 Million		Originations Regardless of Revenue Size			Aggregate Lending (%)		Market Share (%)	
	# Loans	% Rated Area Total	Bank Loans (%)	All Businesses (%)	<= \$100K	> \$100K and <= \$250K	> \$250K and <= \$1 Million	All Loans	Loans to Revenue <= \$1 Million (%)	All Loans	Loans to Revenue <= \$1 Million (%)
<i>Full-Scope Review</i>											
Los Angeles-Orange AA	626	82.69	49.52	88.87	30.83	22.52	46.65	685,782	32.72	0.04	0.06
Los Angeles MD	536	85.62	44.96	89.09	30.41	21.46	48.13	501,630	32.33	0.05	0.07
Orange MD	90	14.38	76.67	88.22	33.33	28.89	37.78	184,152	33.77	0.02	0.04
<i>Limited Scope Review</i>											
Oakland AA	87	11.49	50.57	89.71	34.48	22.99	42.53	122,107	34.58	0.03	0.02
San Jose AA	44	5.81	59.09	88.16	43.18	20.45	36.36	93,563	35.65	0.02	0.02

Business data are from 2008 Dun & Bradstreet data; aggregate lending and market share data are from 2008.

NARA BANK, Los Angeles, California
Rated Area: State of California

Table 4 - Qualified Investments

Evaluation Period: October 23, 2007 to October 23, 2009

Assessment Area	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total	#	\$ (000's)
<i>Full-Scope Review</i>									
Los Angeles-Orange AA	3	3,071	39	1,693	42	4,764	40.07	1	1,657
Los Angeles MD	3	3,071	35	1,651	38	4,722	39.72	1	1,657
Orange MD	0	0	4	42	4	42	0.35	0	0
<i>Limited Scope Review</i>									
Oakland AA	0	0	3	102	3	102	0.86	0	0
San Jose AA	0	0	1	2	1	2	0.02	0	0
Broader Regional or Statewide Area	3	7,018	1	2	4	7,020	59.05	0	0

*Investments made in a previous evaluation period that are outstanding as of the examination date.

**Legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

NARA BANK, Los Angeles, California

Rated Area: State of California

Table 5 - Distribution of Branch Delivery System and Branch Openings/Closings

Evaluation Period: July 1, 2007 to June 30, 2009

Assessment Area	Deposits	Branches						Branch Openings / Closings						Population			
	% of Rate Area Deposits in AA	# of Bank Branches	% of Rated Area Branches in AA	Location of Branches by Income Level of Geography (%)				# 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
<i>Full-Scope Review</i>																	
Los Angeles-Orange AA	90.29	13	87.50	23.08	23.08	38.46	15.38	1	0	1	0	0	0	7.30	29.79	31.10	31.74
Los Angeles MD	90.37	10	78.57	30.00	10.00	40.00	20.00	1	0	1	0	0	0	8.00	29.44	30.88	31.58
Orange MD	9.63	3	21.43	0.00	66.67	33.33	0.00	0	0	0	0	0	0	4.95	30.96	31.84	32.26
<i>Limited Scope Review</i>																	
Oakland AA	2.96	1	6.25	0.00	100.00	0.00	0.00	0	0	0	0	0	0	8.54	20.25	41.14	30.04
San Jose AA	6.75	1	6.25	0.00	0.00	100.00	0.00	0	0	0	0	0	0	3.90	24.42	46.97	24.71

NARA BANK, Los Angeles, California

Rated Area: New York-Northern New Jersey-Long Island, NY-NJ-PA Multistate MSA

Table 6 - Lending Volume of Reported Loans

Evaluation Period: July 1, 2007 to June 30, 2009

Assessment Area	% of Rated Area Loans	Small Business Loans		Small Farm Loans		All HMDA Loans		Community Development Loans		Total Reported Loans		% of Rated Area Deposits
		# Loans	\$ (000's)	# Loans	\$ (000's)	# Loans	\$ (000's)	# Loans	\$ (000's)	# Loans	\$ (000's)	
<i>Full-Scope Review</i>												
New York-New Jersey AA	100.00	442	146,443	0	0	0	0	14	23,070	456	169,513	100.00
NY-White Plains-Wayne MD	86.43	382	123,505	0	0	0	0	14	23,070	396	146,575	100.00
Nassau-Suffolk MD	10.41	46	17,190	0	0	0	0	0	0	46	17,190	0.00
Edison-New Brunswick MD	1.36	6	2,475	0	0	0	0	0	0	6	2,475	0.00
Newark-Union MD	1.81	8	3,273	0	0	0	0	0	0	8	3,273	0.00

NARA BANK, Los Angeles, California

Rated Area: New York-Northern New Jersey-Long Island, NY-NJ-PA Multistate MSA

Table 7 - Geographic Distribution of Small Business Loans

Evaluation Period: July 1, 2007 to June 30, 2009

Assessment Area	Total Loans from Bank		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%)				Market Share (%)				
	# Loans	% Rated Area Total	Bank Loans (%)	Business Entities (%)	Bank Loans (%)	Business Entities (%)	Bank Loans (%)	Business Entities (%)	Bank Loans (%)	Business Entities (%)	Low	Mod	Mid	Upp	Overall	Low	Mod	Mid	Upp
<i>Full-Scope Review</i>																			
New York-New Jersey AA	440	100.00	8.18	5.44	16.82	16.09	35.91	33.74	39.09	44.73	3.61	13.78	34.41	48.20	0.02	0.04	0.02	0.03	0.02
NY-White Plains-Wayne MD	380	86.36	8.95	6.68	16.84	17.41	31.84	21.14	42.37	54.77	4.68	15.24	22.02	58.06	0.04	0.06	0.04	0.06	0.03
Nassau-Suffolk MD	46	10.45	0.00	0.74	21.74	13.72	67.39	62.90	10.87	22.64	0.41	11.97	62.52	25.09	0.01	0.00	0.01	0.01	0.00
Edison-New Brunswick MD	6	1.36	16.67	3.17	0.00	13.37	50.00	51.65	33.33	31.81	2.57	11.71	49.35	36.37	0.00	0.00	0.00	0.00	0.00
Newark-Union MD	8	1.82	12.50	8.73	0.00	16.01	37.50	32.72	50.00	42.54	4.97	11.77	31.67	51.59	0.00	0.02	0.00	0.01	0.00

Demographic data are based on 2000 U.S. Census and 2004 OMB definitions for MSAs; business data are from 2008 Dun & Bradstreet data; aggregate lending and market share data are from 2008.

NARA BANK, Los Angeles, California

Rated Area: New York-Northern New Jersey-Long Island, NY-NJ-PA Multistate MSA

Table 8 - Borrower Distribution of Small Business Loans

Evaluation Period: July 1, 2007 to June 30, 2009

Assessment Area	Total Small Business Loans		Businesses with Revenue <= \$1 Million		Originations Regardless of Revenue Size			Aggregate Lending (%)		Market Share (%)	
	# Loans	% Rated Area Total	Bank Loans (%)	All Businesses (%)	<= \$100K	> \$100K and <= \$250K	> \$250K and <= \$1 Million	All Loans	Loans to Revenue <= \$1 Million (%)	All Loans	Loans to Revenue <= \$1 Million (%)
<i>Full-Scope Review</i>											
New York-New Jersey AA	442	100.00	31.45	87.97	25.34	26.02	48.64	878,999	23.07	0.02	0.02
NY-White Plains-Wayne MD	382	86.43	31.15	87.51	25.65	26.44	47.91	502,235	22.57	0.04	0.04
Nassau-Suffolk MD	46	10.41	30.43	89.11	28.26	19.57	52.17	169,879	22.82	0.01	0.00
Edison-New Brunswick MD	6	1.36	66.67	88.25	0.00	50.00	50.00	111,561	24.44	0.00	0.00
Newark-Union MD	8	1.81	25.00	88.23	12.50	25.00	62.50	95,324	24.61	0.00	0.00

Business data are from 2008 Dun & Bradstreet data; aggregate lending and market share data are from 2008.

NARA BANK, Los Angeles, California

Rated Area: New York-Northern New Jersey-Long Island, NY-NJ-PA Multistate MSA

Table 9 - Qualified Investments

Evaluation Period: July 1, 2007 to June 30, 2009

Assessment Area	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total	#	\$ (000's)
<i>Full-Scope Review</i>									
New York-New Jersey AA	3	3,110	9	468	12	3,578	74.9	2	1,318
NY-White Plains-Wayne MD	3	3,110	8	73	11	3,183	66.6	1	776
Nassau-Suffolk MD	0	0	0	0	0	0	0.0	0	0
Edison-New Brunswick MD	0	0	1	395	1	395	8.3	1	552
Newark-Union MD	0	0	0	0	0	0	0.0	0	0
Broader Regional or Statewide Area	1	1,200	0	0	1	1,200	25.1	0	0

*Investments made in a previous evaluation period that are outstanding as of the examination date.

**Legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

NARA BANK, Los Angeles, California

Rated Area: New York-Northern New Jersey-Long Island, NY-NJ-PA Multistate MSA

Table 10 - Distribution of Branch Delivery System and Branch Openings/Closings

Evaluation Period: July 1, 2007 to June 30, 2009

Assessment Area	Deposits	Branches						Branch Openings / Closings						Population			
	% of Rate Area Deposits in AA	# of Bank Branches	% of Rated Area Branches in AA	Location of Branches by Income Level of Geography (%)				# 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
<i>Full-Scope Review</i>																	
New York-New Jersey AA	100.00	5	100.00	0.00	40.00	40.00	20.00	2	1	0	0	0	+1	9.49	23.06	35.44	31.88
NY-White Plains-Wayne MD	100.00	5	100.00	0.00	40.00	40.00	20.00	1	0	0	0	0	+1	12.39	26.06	26.15	35.24
Nassau-Suffolk MD	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	0.76	16.02	64.36	18.86
Edison-New Brunswick MD	0.00	0	0.00	0.00	0.00	0.00	0.00	1*	1*	0	0	0	0	3.91	17.20	51.81	26.93
Newark-Union MD	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	11.19	22.22	30.44	36.15

*A branch office in Brick, New Jersey was opened on March 2, 2008 and closed on May 1, 2009.

APPENDIX C

LIMITED-SCOPE ASSESSMENT AREA MARKET PROFILES

All demographic and economic information in this appendix came from one of the following sources:

- 2000 U.S. Census.
- 2008 Dun & Bradstreet data.
- FDIC, Summary of Deposits, June 2009 (accessed October 22, 2009); available from <http://www.fdic.gov>.
- Monthly Unemployment Rates, available from www.labormarketinfo.edd.ca.gov (accessed on 10/8/2009).
- *Income Limits*, (U.S. Department of Housing and Urban Development), available at <http://www.huduser.org/datasets/il.html>.
- California Association of Realtors, *Trends in California Real Estate*, Volume 30, Number 6, July 2009 and Volume 30, Number 2, February 2009.

Data regarding Nara's deposits, loans, investments and branches associated with each of the following assessment areas may be found in the Core Tables located in Appendix B.

Oakland Assessment Area

The Oakland assessment area is delineated as Alameda County and Contra Costa County, in their entirety, which comprises the Oakland-Fremont-Hayward Metropolitan Division and is part of the San Francisco-Oakland-Fremont MSA. Alameda and Contra Costa counties are located east of the city of San Francisco and are commonly known as the “East Bay.” As of 2008, the estimated population in Alameda and Contra Costa counties was over 2.5 million.

Nara has a very limited presence in this fairly large and competitive assessment area, operating only one branch located in the city of Oakland. As of June 30, 2009, there were a total of 57 FDIC insured institutions operating 540 branches in the assessment area. Nara’s deposit market share was 0.11 percent, ranking the bank 44th among depository institutions. In 2008, there were a total of 116 lenders that extended CRA-reportable small business loans in this assessment area. These lenders made a total of 122,107 small business loans for \$2.8 billion. Due to the high number of institutions that operated in this market, competition for loan and deposit products as well as community development activities was considerable.

The following exhibit presents key demographic and business information concerning the assessment area.

EXHIBIT 6 ASSESSMENT AREA DEMOGRAPHICS OAKLAND ASSESSMENT AREA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	52	10.6	41,579	7.1	10,879	26.2	121,546	20.7
Moderate-income	103	21.1	106,625	18.2	13,851	13.0	101,521	17.3
Middle-income	191	39.1	242,151	41.3	10,745	4.4	123,824	21.1
Upper-income	142	29.0	195,664	33.4	3,939	2.0	239,128	40.8
Tract not reported	1	0.2	0	0.0	0	0.0	0	0.0
Total AA	489	100.0	586,019	100.0	39,414	6.7	586,019	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%-tract	%-units	#	%	#	%
Low-income	71,037	18,298	3.5	25.8	48,515	68.3	4,224	5.9
Moderate-income	177,627	68,560	13.1	38.6	102,340	57.6	6,727	3.8
Middle-income	380,814	228,679	43.6	60.1	142,111	37.3	10,024	2.6
Upper-income	265,248	209,165	39.9	78.9	49,793	18.8	6,290	2.4
Tract not reported	34	17	0.0	50.0	17	50.0	0	0.0
Total AA	894,760	524,719	100.0	58.6	342,776	38.3	27,265	3.0
Income Categories	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	11,737	10.8	10,256	10.5	1,113	12.4	368	16.2
Moderate-income	18,481	16.9	16,820	17.2	1,217	13.6	444	19.6
Middle-income	42,518	39.0	38,176	39.0	3,438	38.4	904	39.8
Upper-income	36,204	33.2	32,480	33.2	3,173	35.4	551	24.3
Tract not reported	106	0.1	89	0.1	13	0.1	4	0.2
Total AA	109,046	100.0	97,821	100.0	8,954	100.0	2,271	100.0
Percentage of Total Businesses			89.7		8.2		2.1	

2004 Median Family Income	\$68,346	May 2009 Median Housing Value: Alameda County ³²	\$300,000
2009 HUD Adjusted Median Family Income	\$89,300	Contra Costa County	\$250,000
		June 2009 Unemployment Rate	11.1%

³² Alameda County value as of January 2009.

San Jose Assessment Area

The San Jose assessment area consists of Santa Clara County and San Benito County, in their entirety, and is part of the San Jose-Sunnyvale-Santa Clara MSA. The Santa Clara-San Benito area is located south of the city of San Francisco and is also referred to as the “South Bay.” As of 2008, the population of the assessment area was over 1.9 million, with the majority of the population in Santa Clara County.

Nara has a very limited presence in this large and competitive assessment area, operating only one branch located in the city of Sunnyvale. As of June 30, 2008, there were a total of 51 FDIC insured institutions operating 361 branch offices in this area. The bank’s deposit market share was 0.35 percent, ranking the bank 22nd among depository institutions. In 2008, there were a total of 98 lenders that extended CRA-reportable small business loans. These lenders made a total of 93,563 small business loans for \$2.1 billion in the assessment area. Due to the high number of institutions that operated in this market, competition for loan and deposit products as well as community development activities was considerable.

The following exhibit presents key demographic and business information concerning the assessment area.

EXHIBIT 7								
MARKET PROFILE								
SAN JOSE ASSESSMENT AREA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	14	4.0	12,598	3.1	2,285	18.1	82,579	20.0
Moderate-income	79	22.6	87,267	21.1	7,960	9.1	73,507	17.8
Middle-income	163	46.7	197,236	47.8	7,832	4.0	88,551	21.5
Upper-income	93	26.6	115,682	28.0	2,423	2.1	168,146	40.7
Total AA	349	100.0	412,783	100.0	20,500	5.0	412,783	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied		Rental		Vacant		
		#	%-tract	%-units	#	%	#	%
Low-income	19,754	3,953	1.1	20.0	15,397	77.9	404	2.0
Moderate-income	125,101	57,789	16.5	46.2	64,145	51.3	3,167	2.5
Middle-income	292,969	167,057	47.8	57.0	119,410	40.8	6,502	2.2
Upper-income	158,004	120,661	34.5	76.4	33,336	21.1	4,007	2.5
Total AA	595,828	349,460	100.0	58.7	232,288	39.0	14,080	2.4
Income Categories	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	2,587	3.3	2,250	3.2	255	3.4	82	4.5
Moderate-income	19,707	24.9	16,809	24.1	2,210	29.2	688	37.9
Middle-income	35,098	44.3	31,368	45.0	3,046	40.3	684	37.7
Upper-income	21,754	27.5	19,346	27.7	2,048	27.1	360	19.8
Total AA	79,146	100.0	69,773	100.0	7,559	100.0	1,814	100.0
Percentage of Total Businesses		88.2		9.6		2.3		
2004 Median Family Income		\$80,198		May 2009 Median Housing Value:				
				Santa Clara County		\$455,000		
				San Benito County		\$246,500		
2009 HUD Adjusted Median Family Income		\$102,500		June 2009 Unemployment Rate		11.9%		