

PUBLIC DISCLOSURE

November 12, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Hanmi Bank
12-06-0629-0000**

**3660 Wilshire Boulevard
Penthouse A
Los Angeles, CA 90010**

**FEDERAL RESERVE BANK OF SAN FRANCISCO
101 MARKET STREET
SAN FRANCISCO, CALIFORNIA 94105**

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

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Hanmi Bank** prepared by **Federal Reserve Bank of San Francisco**, the institution's supervisory agency, as of November 12, 1996. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.*

INSTITUTION

INSTITUTION'S CRA RATING: This institution is rated needs to improve.

The bank's level of performance under CRA is needs to improve. Although the bank's responsiveness to assessment area credit needs is good and a high percentage of the loans are made within the assessment area, the geographic dispersion of its small business and auto loans within the assessment area is poor. Although it is not required that the bank make loans in every geography, there continues to be conspicuous gaps in the assessment area. At this examination and at the previous examination, examiners identified areas where the bank has historically had low or no loan penetration. The previous Report of Examination indicated that bank management recognized its minimal presence in areas including South Central Los Angeles, City of Commerce, and East Los Angeles, and was committed to developing procedures for enhancing its lending presence therein; yet, similar findings continue to affect the bank's geographic lending performance.

The bank received a low satisfactory criteria rating for the investment test; the level was adequate but the investments were neither innovative nor complex. The service test was also rated as low satisfactory. Improvement is needed in the accessibility of the bank's delivery systems to low- and moderate-income geographies and individuals.

The following table indicates the performance level of **Hanmi Bank** with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	HANMI BANK PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Low Satisfactory		X	X
Needs to Improve	X		
Substantial Noncompliance			

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

DESCRIPTION OF INSTITUTION:

As of September 30, 1996, Hanmi Bank had total assets of \$430,807K. The bank has six full-service branches, five of which are in Los Angeles County, the remaining branch is in the city of Garden Grove in Orange County. The bank also has two automated teller machines in the Western and Downtown offices. According to the September 30, 1996 Call Report, the majority (80%) of the bank's lending was concentrated in commercial loans. The remainder of the loan portfolio was comprised of consumer loans, (13%), and residential real estate loans, (6%). The bank's primary focus is small business lending, mostly for loan amounts of \$100,000 or less.

Hanmi Bank offers an array of commercial and consumer loan products. Business-purpose loans include term financing, line of credit, equipment financing, international trade financing, accounts receivable financing, U.S. Small Business Administration (SBA) guaranteed loans, construction, and business overdraft protection. Consumer loan products include unsecured, cash-secured, personal and signature lines of credit, and auto loans.

Hanmi Bank's assessment area is comprised of 1,270 census tracts covering 65% (1,070) of the total number of census tracts in Los Angeles County (1,652) and 41% (200) of the total number of census tracts in Orange County (484). The Metropolitan Statistical Area (MSA) family median income figure used to designate low, moderate, middle and upper income census tracts is \$39,035 for MSA 4480 and \$51,269 for MSA 5945. Of the total number of census tracts in the assessment area, 13% are low-, 29% moderate-, 32% middle-, and 26% upper-income. The total population of the assessment area is approximately 6.6 million with a median family income of \$36,743 (see Table I).

Tables 1 and 1a show the census tract distribution by income categories and the population distribution within those tracts.

Table 1

Census Tracts	Low	Moderate	Middle	Upper	Total
	164 (13%)	365 (29%)	406 (32%)	335 (26%)	1,270 (100%)

Table 1a

Population	Low Income Tracts	Moderate Income Tracts	Middle Income Tracts	Upper Income Tracts	Total
	807,624 (12%)	2,159,224 (33%)	2,089,335 (32%)	1,494,783 (23%)	6,550,966 (100%)

The distribution of families in the assessment area by income category is comparable to the

distribution of census tracts. As shown in Table II, a large percentage of families are low- and moderate-income.

Table II

Census Tracts	Low	Moderate	Middle	Upper	Total
Total Families¹	386,764 (26%)	274,414 (18.5%)	298,214 (20%)	526,908 (35.5%)	1,486,300 (100%)

The bank's assessment area is comprised of 250,921 businesses² with a large majority in the services sector (40%). Retail trade makes up (24%), wholesale trade (9%), manufacturing (8%), and finance, insurance, and real estate (8%) industries, and other (11%) make-up the remaining types of industries. The breakdown of total businesses within each income geography includes 15% in low-, 26% in moderate-, 32% in middle-, and 27% in upper-income geographies.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

Lending Test

Lending Activity

From December 11, 1995 to November 12, 1996 the bank made 268 small business loans totaling \$36,669M and 166 auto loans totaling \$5,481M within its assessment area. The bank's lending level reflects good responsiveness to assessment area credit needs. According to information gathered from community representatives, community Credit needs include loans for start up businesses, business loans for amounts of \$5,000 to \$100,000, accounts receivable financing, and affordable housing. The bank's focus as demonstrated by the composition of the loan portfolio is business loans; commercial loans represent over 80% of total loans. Consumer loans and loans secured by one-to-four family residential properties are also extended representing 13% and 4% of total loans respectively. Lending levels, although comparable to other banks of similar size serving the same market, have shown a downward trend over the previous six quarters. The loan-to-deposit ratio was 67% at March 31, 1995, declining to 58% at September 30, 1996. There

¹ Total family figures are used as a proxy for total household figures since the percentages of both are substantially similar, and data on families, rather than households, is used throughout the report.

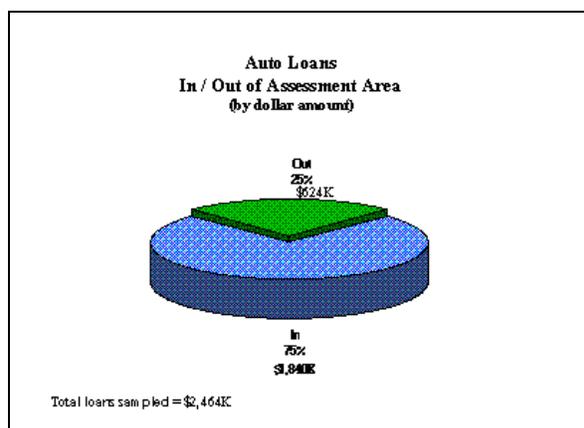
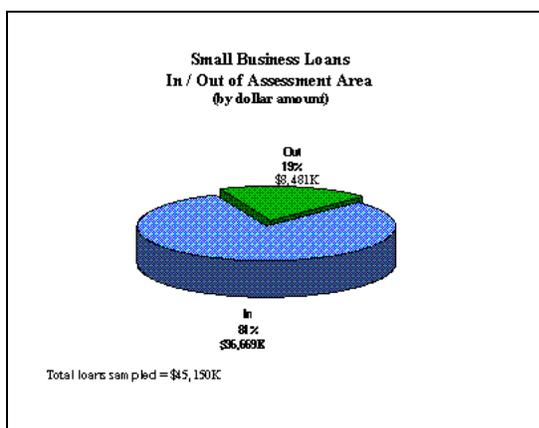
² Information source is 1996 CRA Geo Coding and Analysis, prepared by Bouton & Associates. Database compiled by city business license data, phone listing data, secondary source data such as Dunn & Bradstreet, TRW, and Equifax. Information balanced to the U.S. business census.

are no financial or regulatory constraints that would impede the bank's capacity to continue to extend loans.

Assessment Area Concentration

The bank's distribution of loans was evaluated based on a sample of two major product lines; small business and auto loans.³ A high percentage of the bank's lending activity results in loans within the bank's assessment area. By number of loans, 83% (268 of 323) of small business loans and 77% (166 of 215) of auto loans were made within the assessment area. Of the total loan dollar amount sampled 81% (\$36,669,160) of small business loans and 75% (\$8,481,341) of auto loans were extended inside the assessment area.

Lending Distribution by Geography



With respect to the geographic dispersion of loans within the assessment area, the bank's lending performance needs to improve. Examiners identified groups of contiguous geographies within the assessment area with very low or no loan penetration.

There was no lending activity in 1,065 of the 1,270 census tracts within the bank's assessment area. This represents a 16% penetration ratio, which is considered low. However, of greater concern are the identified lending gaps in distressed areas of the bank's assessment area.

With regard to geographic distribution by income category, it was noted that the bank's share of automobile and business loans extended in low- and moderate- income areas are fairly comparable to the number of loans made in middle- and upper- income areas. In terms of number (and corresponding percentages as depicted in Table III), it appears that

³The sample consisted of 323 small business loans totalling \$45,150K and 215 auto loans totalling \$2,464K.

loan dispersion within the different income geographies of the assessment area is adequate.

Table III

	Low	Moderate	Middle	Upper	Total
Tracts without loans	127 (77%)	302 (83%)	347 (86%)	289 (86%)	1,066 (84%)
Tracts with loans	37 (23%)	63 (17%)	59 (14%)	46 (14%)	206 (16%)

In terms of overall geographic dispersion, however, lending gaps were found in several geographies within the bank's assessment area. While the bank is not expected to lend evenly throughout or to every geography in its assessment area (preamble of the Federal Register dated May 4, 1995), the bank's lending pattern should not exhibit conspicuous gaps that are not adequately explained by the performance context. In this regard, conspicuous lending gaps were observed in South Central Los Angeles, Crenshaw, and Compton.

The areas of South Central Los Angeles, Compton, and Crenshaw are of particular concern because these are historically underserved areas in relatively close proximity to several of Hanmi Bank's offices. In order to determine the demand for credit and credit opportunities in the three areas, examiners conducted interviews with representatives from community organizations and government agencies. The interviewees provided information regarding demographic and economic conditions in those areas.

South Central Los Angeles, Compton, and Crenshaw are three of the most economically disadvantaged areas of the county. The median household income is \$19,500, which is about 50% of the county median income. The poverty rate is over 20%. Although income levels are low, there is significant demand for consumer goods and services due to the high population density. Over 900,000 people live in this 52-square mile area; approximately 10,000 to 25,000 people per square mile.

Rebuild LA (RLA), a non-profit organization formed following the civil unrest in 1992, conducted a community needs assessment of South Central Los Angeles, and found that, although historically disinvested, the area supports a relatively high level of economic activity. There are over 15,000 manufacturing firms including biochemical technology, furniture, apparel/textile, toy and food processing companies, that generate annual sales of \$54 billion. Additionally, based on a supply and demand analysis, the survey identified the need for new businesses. The primary need is for supermarkets and grocery stores. The 900,000 residents spend over \$1 billion on retail grocery goods, but the existing 55 stores supply only \$637 million of this demand. Furthermore, many businesses still require assistance as a result of financial losses resulting from the 1992 civil unrest.

Loan penetration in these areas of the assessment area remains poor. Management

explained the majority of the bank's business loans are located in areas with high business concentrations (i.e., Garment District). However, examiners identified South Central Los Angeles, Compton, and Crenshaw as areas having low or no loan penetration despite high business concentrations in conjunction with an identified need for start-up business funding. These three areas are in close proximity to branch offices of Hanmi Bank. Similarly, the majority of auto loans were extended to dealerships that are located within Koreatown, with two auto dealers located near the Garden Grove office (see maps).

Management also indicated that the reason the bank has been unable to lend in these areas is that the larger banks have a strong presence therein and that Hanmi Bank cannot compete with their terms. Although examiners cannot comment on the competitiveness of loan terms, the locations of banks and branches within Los Angeles County was analyzed to determine if the areas with gaps are over saturated with commercial banks. That analysis showed that there are commercial banks in South Central Los Angeles, Crenshaw and Compton, but they are very few in number; therefore, competitive factors do not appear to support the bank's position. (See map overlay).

At the previous examination, South Central Los Angeles was identified as one of the areas in the delineation where there was minimal loan extensions. At that time, management stated that it was committed to developing programs to enhance its lending presence therein; yet, at this examination, similar lending gaps continue to afflict the bank's lending performance. Although the bank is not expected to lend in every geography or in areas that are a great distance from its branches, the concern is that the bank was able to lend in distant communities such as Beverly Hills, Redondo Beach, and Monterey Park while the closer communities of South Central, Crenshaw, and Compton had little or no lending activity.

Lending Distribution by Borrower Income or Business Revenue

The distribution of borrowers reflects adequate penetration among retail customers of different income levels and businesses of different sizes.

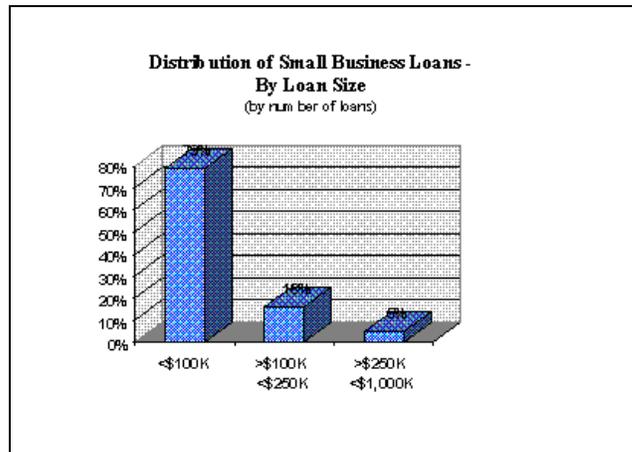
Business Loans

Although the bank reported business loan data totalling 268 loans, revenue information was not used in the credit decision in 106 cases since a majority of the loans were secured by deposits. In reviewing the remaining business loans originated since the previous examination where revenue information was used, 77 (48%) of 162 were to small businesses. Examiners also noted that of the total amount of business loans (\$24.7 million), 27% were to small businesses. Further review of the 106 loans with no revenue information revealed that 76 (72%) were for loan amounts of \$100,000 or less.

Examiners also reviewed the overall distribution of small business loans by loan amount. As the following graph indicates, the vast majority (79%) of the 268 small business loans were for original amounts of \$100K or less.

Auto Loans

The distribution of borrowers of income levels is percentages of income levels



of auto loans to moderate- and middle-adequate given the families of similar within the assessment

area. Examiners noted, however, that the penetration of loans to low- income borrowers is less than the distribution of families in this income category (see Table IV). As noted in Table IV, a majority of the bank's auto loans by loan count (43%) are made to moderate-income borrowers. Examiners noted that a higher dollar volume was made to upper income borrowers. This is not considered unreasonable given that the affordability of a higher-priced auto is more likely to occur as a borrower's income increases.

**Table IV
Distribution of Loans Across Assessment Area
by Income Level of Borrower**

	Low	Moderate	Middle	Upper	Total
Total Number of Loans (%)	24 (14.5%)	72 (43%)	31 (19%)	39 (23.5%)	166 (100%)
Total Amount (%)	\$184,171 (10%)	\$624,199 (34%)	371,939 (20%)	659,303 (36%)	1,839,612 (100%)
Total Families (%)	386,764 (26%)	274,414 (18.5%)	298,214 (20%)	526,908 35.5%	1,486,300 (100%)

Responsiveness to Credit Needs of Highly Economically Disadvantaged Geographies and Low-income Persons and Small Business

The bank exhibits a poor record of serving the credit needs of South Central Los Angeles, Crenshaw, and Compton, including low-income individuals and very small businesses located within these areas.

As indicated previously, although management explained that the majority of the bank's business loans are located in areas of high business concentrations, examiners identified South Central Los Angeles, Crenshaw, and Compton as areas having low or no loan penetration despite high business concentrations. Additionally, although the previous examination identified South Central as one of the areas in the delineation where there was minimal loan extensions, the bank continues to exhibit poor lending performance in this area. At the current examination, bank management indicated to examiners that opportunities for meeting the credit needs of the underserved portions of the community are limited; however, the examiners were able to identify a number of lending opportunities in those underserved areas of Hanmi Bank's assessment area. In sum, the bank's responsiveness to serving the credit needs of highly disadvantaged geographies and low-income persons and small businesses located within its assessment area is poor.

Community Development Lending

Since the previous examination, the bank has made a low level of community development loans. Hanmi Bank extended four loans that qualify as community development which includes a loan for \$369,750 to construct a seven-unit town home style apartment complex in South Central Los Angeles for low-income families at low and very low rent. The remaining three loans totalling \$780,000 are to local churches that provide child care and social services targeted to low- and moderate-income persons. Two of the churches are located in middle-income areas and one in a low- and moderate-income area.

Innovative or Flexible Lending Practices

On September 17, 1996, the bank introduced a flexible loan program targeting businesses with revenues under \$1 million within the inner city boundaries of Los Angeles County (710 freeway to the east, La Brea to the west, Carson City to the south and the I-10 freeway to the north) and Orange County (zip codes 92703, 92704, 92705, 92707 in Santa Ana; 92683 in Westminster; 92640, 92641, 92643, and 92644 in Garden Grove; and, 92665 in Orange). An applicant would be required to complete only a bank application if the business met the following qualifications: demonstrated a minimum of two years' business history at the same location; verbal affirmation of two years profitability; and, demonstrated a reasonably good credit history. Since its inception, 44 loans totalling \$621,700 have been approved.

According to a contact within the community, many small businesses do not maintain

financial statements, tax returns, or similar documents thereby making this flexible loan program an attractive product that meets the needs of small business owners.

Investment Test

The bank has been a member of the Southern California Business Development Corporation (SCBDC), a for-profit multi-bank Community Development Corporation (CDC), since December 1993. The bank did not provide supporting documentation of its pro rata share of community development loans originated by the SCBDC during the period under review and the percentage of the organization's asset portfolio comprised of community development loans; therefore, the bank's involvement in the SCBDC was evaluated under the investment test alone.

In September 1996, Hanmi Bank purchased a \$500,000 bond issued by the Community Redevelopment Agency of the City of Compton, California. The overall objective of the Redevelopment Agency's plan is to eliminate blighted conditions in the Project Area which encompasses approximately 2,600 acres located within the boundaries of the City. The purpose of the bond is to provide a portion of the funds needed to payoff prior bonds, and to provide new money for certain projects of the Agency, including the provision of new money for the purpose of increasing, improving and/or preserving the supply of low- and moderate-income housing in the Project Area.

Also, Hanmi Bank has retained Guaranteed Loan Pool Certificates issued by the U.S. Small Business Administration in the amount of \$452,757 (book value). Purchase dates range from July 1986 through November 1987 with maturity dates of July 2001 through August 2002. Loan funds are pooled and are utilized for small business funding.

The bank made an investment of \$2,500 in October 1996 to Pacific Coast Regional Small Business Development Corporation's Entrepreneurial Institute enabling the bank to participate in its loan programs. Pacific Coast Regional Small Business Development Corporation (PCR) is a private, non-profit corporation founded in 1977 to assist small business owners in becoming successful members of the California business community. Through contracts with the State of California, and partnerships with private institutions, PCR provides financial and educational assistance, and up to a 90% guarantee of financial instruments for small businesses. The State of California has established a pool of funds for the purpose of inducing banks to make small business loans. These funds are used to guarantee up to 90% of a loan made by a financial institution. Small business owners located within disadvantaged areas in the State of California can use PCR. PCR's loan program includes loan guarantees, micro-loan guarantees, bond guarantees, small business bridge loans, energy conservation loans and hazardous waste reduction loans.

The bank purchased an annual membership of \$5,000 in Operation Hope, Inc. in

October 1996. Operation Hope, Inc. (OH) is a 501(c) California non-profit organization formed in May 1992 following the civil unrest of April 29, 1992 in Los Angeles. The organization is committed to the revitalization and long-term sustenance of under-served communities and serves as a national voice for minority and urban economic empowerment. Its focus is Community Reinvestment Act compliance by insured financial institutions. Funding is received from member dues generated from financial institutions and from public and private grants. Operation Hope's primary service area is South Central Los Angeles, but the organization also serves other under-served communities. Its many programs consist of residential lending, home ownership education, home ownership and consumer counseling, small business and commercial lending, and providing access to inner-city computer labs, business technical assistance and mini-grants.

The bank also contributed \$5,000 to the Small Business Development Center in December 1995 for a one-year commitment commencing in 1996.

In addition to its qualified investments, the bank made qualified donations totalling \$15,500 to various community organizations including the Korean Youth and Community Center and the Korean Health Education, Information and Resource Center.

Hanmi Bank's total qualified investments and donations total \$1,020,757 which reflects an adequate level of qualified community development investments and grants, particularly of the variety that are routinely provided by financial institutions.

Overall, although no innovative or complex investments were noted, the level of investments and donations sufficiently meet the community's development needs.

Service Test

Retail Banking Services

The bank has in place delivery systems that are reasonably accessible to a limited portion of the assessment area. The bank has six full service retail offices (Wilshire, Olympic, Vermont, Downtown, Garden Grove and Western) with its corporate headquarters and SBA Department located at the Wilshire location. With the exception of the Garden Grove office in Orange County, the bank's offices are located in and near Koreatown and downtown Los Angeles in Los Angeles County. Due to the relatively close locations of the branches to Koreatown and the downtown Los Angeles area, individuals located in other portions of the bank's assessment area which are further away may have some difficulty in reaching those branches. Moreover, the bank has two proprietary automated teller machines (ATMs) which are located at the Western and Downtown offices only. Management indicated that the remaining offices do not have ATMs since a survey conducted by the bank revealed limited use by its customers. The survey, however, was based on 30 transactions which transpired over one weekend

at only the Vermont office when this office had an ATM. Customers, however, have access to shared networks, such as PLUS, CIRRUS, and EXCHANGE. The bank also offers 24-hour telephone banking. Customers can make inquiries about account balances, deposit amounts, checks that have cleared, loan pay-off amounts, next due dates of loan payments, among other information. The bank does not currently have toll-free telephone numbers, however, it plans to obtain a toll-free number in the future for its customers. Also, customers who have personal computers have access to personal computer (PC) banking which allows customers to obtain statements and conduct transfers between their accounts as well as leave messages for banking personnel; however, the bank charges a \$50 set-up fee. Direct deposit, bank by mail, and night depository services are also offered to all its customers.

The distribution of branches among low-, moderate-, middle-, and upper-income geographies is reasonable. Of the six offices, one is in a low-income census tract, one in an upper-income census tract, and the remaining four offices are located in moderate-income geographies. Although the distribution of the bank's offices among income geographies is reasonable, as indicated previously, accessibility is limited to a portion of the assessment area.

The hours of operation for all the bank's offices are also reasonable. With the exception of the Wilshire Office, lobby hours are 9:00 AM to 4:00 PM from Monday through Thursday with walk-up windows hours from 4:00 PM to 5:00 PM. Banking hours on Fridays are from 10:00 AM to 6:00 PM with walk-up window hours of 9:00 AM to 10:00 AM. The walk-up windows for the offices are accessible from the parking lot or are located in the building's lobby. All offices are open on Saturdays from 9:00 AM to 1:00 PM. The Wilshire office is the only office without a walk-up window because building management did not allow a walk-up window to open into the bank's lobby. The Wilshire office does not have its own parking lot but shares a public parking structure with the building tenants. Hanmi Bank's hours of operations appear to be conveniently scheduled to allow the population it serves access to banking services.

The bank has not opened or closed any offices since the previous examination dated December 11, 1995; however, the bank relocated its Vermont office in August 1996. The Vermont office was re-located from a low-income geography to a moderate-income area due to inaccessible parking and a high crime rate at the former location. The re-location from a low-income census tract to a moderate census tract was justified given the difficulties for customers in obtaining parking and the exposure to crime which was affecting the bank's daily operation. The new office location, however, continues to serve the surrounding low- and moderate-income geographies.

The location of the bank's branches, combined with their reasonable hours of operation, demonstrates that services do not vary in a way that inconveniences certain portions of its assessment area, particularly low- and moderate-income geographies or individuals.

Community Development Services

The bank provides a limited level of community development services that enhance the assessment area by providing technical assistance and loan servicing to organizations that serve low- or moderate-income areas or individuals. Given its size, the bank has the capacity to offer and participate in additional community development organizations and programs. As evidenced below, the activities are also limited to a few individuals within the bank.

In August and September 1996, a loan officer at the Western Office, along with bankers from other financial institutions, served at the Community Financial Resource Center (CFRC). Responsibilities included reviewing loan packages and providing technical assistance relating to the loan process. The Community Financial Resource Center (CFRC) is located in South Central Los Angeles and provides financial assistance programs to businesses, residents and consumers in the community by referring loans to local banks. The CFRC also provides a place where people from the surrounding areas can meet to discuss financial assistance with bankers and counselors in getting a loan. The strategy of the CFRC is to emphasize a "One Stop" source of financial services and products, consumer education programs and resource information. It provides small business expansion and start-up lending, small business and start-up technical assistance and education, first-time home ownership and rehabilitation financing, first-time home ownership education and consumer education regarding banking and credit. This is accomplished through a community-based setting using local area experts and Community Based Organizations (CBOs) which operate under one service delivery umbrella. The CBOs provide the resources by offering services at a central location within a "customer" oriented venue. In addition to the CBOs, the participating financial institutions market their own product and services from the CFRC on a rotational basis. The combination of the CBOs providing technical assistance and education programs, with the integration of financial institution rotation and product marketing, allows the CFRC to maintain an ongoing CRA presence in the South Central Los Angeles community.

The same loan officer also provided banking expertise by serving on the Korean Youth and Community Center (KYCC) credit committee with four other participating banks in the early part of 1996. Committee members are involved in reviewing the loan packages and formulating a credit decision. The Korean Youth and Community Center (KYCC) is a non-profit organization that serves recently immigrated, economically disadvantaged Korean youth, their families and the multi-ethnic community of Koreatown and greater Los Angeles. KYCC seeks to develop positive identity and leadership among youth and enhance inter-generational relationships among Korean Americans, community socio-economic empowerment, and constructive inter-ethnic community relations.

Also, Hanmi Bank provides loan servicing on four loans totalling \$210,000 which were originated through KYCC's Microloan Program. The loans were extended between December 1995 and June 1996. Services include providing billing statements, interest accrual, and receiving and processing loan payments. Another loan officer served as a

translator for attendees of a "Disaster Loan Assistance Workshop" in April 1996 which was hosted by the KYCC. The workshop was designed to assist small business owners who are still in need of loans from the Small Business Administration as a result of the Los Angeles civil unrest in 1992.

The Small Business Administration, together with ten other financial institutions, succeeded in opening an Entrepreneur Outreach Center (EOC) at the site of their Small Business Development Center in East Los Angeles on December 19, 1995. An SBA officer of the bank provides technical assistance to low-income individuals residing in East Los Angeles by assembling loan packages for SBA approval. Hanmi Bank has a one-year commitment which expired in December 1996. The EOC assists East Los Angeles businesses in obtaining capital more easily and in obtaining management training and financial advice. The EOC was much needed in the business district of East Los Angeles, a low-income area, which has only six bank branch offices within a 12 square-mile area. The EOC will include loan officers from each of the ten participating banks that will rotate in once every ten days to assist clients with obtaining SBA loans. Participating banks are Banco Popular, California Center Bank, City National Bank, Wells Fargo, General Bank, Goleta National Bank, Hanmi Bank, Nara Bank, Saehan Bank and Wilshire State Bank. The Small Business Development Center will provide office staff and management technical assistance to small business clients which includes business planning, financial analysis, record keeping, marketing, start-up, business expansion and international trade.

The bank also provides check clearing services at no charge to Hanin Credit Union, a relatively small institution, whose memberships include members of Koreatown and the metropolitan Los Angeles area.

Compliance with Fair Lending Laws and Regulations

The bank is in compliance with the anti-discrimination provisions of the Fair Housing Act (FHA). There were nominal violations of the technical aspects of Regulation B (Equal Credit Opportunity Act); however, bank management was quick to respond and corrections were made during the examination. The violations were limited to a few departments and did not have a negative effect on the bank's CRA rating.

Generally, the bank has comprehensive policies, procedures, training programs, and an internal assessment program in place to help prevent discriminatory or other illegal credit practices.

SCOPE OF EXAMINATION:TIME PERIOD REVIEWED: 12/11/95 to 11/12/96

FINANCIAL INSTITUTION	PRODUCTS REVIEWED
Hanmi Bank	Small Business Auto Loans

AFFILIATES	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
Not Applicable	Not Applicable	Not Applicable

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION:

ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
California: MSA 4480 Los Angeles	On-site	Downtown, Wilshire	
MSA 5945 Orange County	On-Site	Garden Grove	