



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

**The Commerce Bank of Washington, National Association
Charter Number: 18752**

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Office of the Comptroller of the Currency

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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

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

The following table indicates the performance level of **The Commerce Bank of Washington, National Association** with respect to the lending, investment, and service tests:

| Performance Levels | (The Commerce Bank of Washington, National Association) 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 when arriving at an overall rating.

The major factors that support this rating include:

- An excellent distribution of loans to geographies of different income levels.
- An adequate distribution of loans to businesses of various revenue levels.
- An excellent volume of community development loans that had a positive impact on the lending test.
- A good level of responsive community development investments.
- A good responsiveness to community development needs through community development services.

Definitions and Common Abbreviations

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

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

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

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

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

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

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

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

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-

couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Description of Institution

The Commerce Bank of Washington, National Association (TCB) is an intrastate bank located in downtown Seattle, Washington. As of December 31, 2003, the bank's assets totaled \$705 million, deposits \$453 million, and net tier one capital \$52 million (recent four year average is \$42 million). The bank's loans, net of allowances for losses, totaled \$325 million, of which nearly 95% are categorized as commercial or real estate loans. In contrast, only 3% of the loans are for individuals.

TCB's primary product focus is on loans to businesses. This has and continues to be the bank's traditional core strategy. TCB was chartered by the Office of the Comptroller of the Currency with the express intent of serving a business clientele. The bank offers some retail consumer products and services, but these are limited and intended as accommodations to its business customers. TCB's marketing efforts are primarily through officers calling upon business clients.

TCB operates out of one office that is located on the 36th floor of a downtown Seattle office tower and does not facilitate the usual retail function of many banks. It has one paying/receiving teller, no drive-through facilities, and no ATMs.

As of June 30, 2003, TCB had 1% of the deposit market share in its assessment area (AA). This placed the bank 10th in deposit market share ranking. TCB's deposits are largely received from relationships with balances of \$500,000 and over. In addition, about one-half of TCB's deposits are concentrated in 20 business relationships and approximately 91% of the bank's deposits are from relationships that have deposit balances over \$100,000.

Since 1998, TCB has been a subsidiary of Zion's Bancorporation (ZB), Salt Lake City, Utah. ZB is a registered bank holding company with total assets of approximately \$30 billion. Through its six banking subsidiaries, it operates in communities in the states of Arizona, California, Colorado, Idaho, New Mexico, Utah, and Washington.

TCB did not request consideration of any affiliate activity for this evaluation. The bank has no operating subsidiaries.

The last CRA evaluation for TCB was on August 7, 2000, when it received a "Satisfactory" rating.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation of TCB's lending considered its primary product, CRA-reportable business lending, for the calendar years 2000 through 2003. Community development (CD) loans, investments, and services, as well as retail services, were considered for the period August 7, 2000 (the date of the last CRA evaluation), through April 5, 2004. TCB did not have home mortgage loan products for CRA consideration.

The evaluation period spanned two different periods of census demographic data (1990 census data for the years 2000 through 2002, and 2000 census data for the year 2003). As a result, two separate sets of tables were compiled for each evaluation period and analysis was performed separately on each set of tables. Conclusion comments will refer to both evaluation periods, unless there is a material difference in which case the comments will refer to each evaluation period separately.

Data Integrity

We reviewed a sample of the bank's reported small loans to businesses to determine the accuracy of the data submitted. The results indicated a high level of accuracy. Although some errors were detected, they were not considered significant and did not affect the utility of the data for this evaluation.

Selection of Areas for Full-Scope Review

The bank has one AA, consisting of selected census tracts in the municipalities of Seattle, Bellevue, Kirkland, and Mercer Island, in King County, Washington. King County is one of three counties comprising the Seattle-Bellevue MSA.

Ratings

The bank's overall rating is based on its performance in its one AA. We evaluated the bank's performance under three tests (lending, investments, and services) of which the lending test carries the most weight.

Other

The examiners conducting this evaluation made several community contacts in the Seattle area. These contacts generally reveal that TCB is not a well-known institution in the community, but their work with the Compass Center is acknowledged.

Fair Lending Review

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

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in its AA is good.

Lending Activity

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's lending activity.

Lending activity is good. During the 2000 – 2002 evaluation period, the bank made 776 reportable small loans to businesses (CRA loans) totaling \$145 million. In 2002, the bank was the 17th largest lender of small business loan in its AA with a market share of .65 percent. During the 2003 evaluation period, the bank made 377 reportable small loans to businesses totaling \$80 million. No market share data was available for 2003. The bank had a 1.22% share of all FDIC insured deposits in King County and was ranked tenth in this market.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

The bank did not report home mortgage loans.

Small Loans to Businesses

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

The geographic distribution of small loans to businesses is excellent. The percentage of small business loans in low-income geographies is greater than the percentage of small businesses located in these tracts. The percentage of small business loans in moderate-income geographies exceeds the percentage of businesses in moderate-income tracts for the 2003 evaluation period. The percentage of small business loans in moderate-income geographies is slightly less than the percentage of businesses in those tracts for the 2000 – 2002 evaluation period; however, the bank exceeds its peers in moderate-income tract lending.

Small Loans to Farms

The bank did not report small loans to farms.

Consumer Loans

The bank did not report consumer loans.

Lending Gap Analysis

Analysis of the bank's loan patterns of small loans to businesses revealed gaps in the geographic distribution of those loans. The gaps existed throughout the AA, but were not specific to census tracts of any specific income category. The existence of gaps did not negatively impact the bank's rating.

Inside/Outside Ratio

During the evaluation period, TCB originated 100% of its small loans to businesses within its AA.

Distribution of Loans by Income Level of the Borrower

The overall distribution of loans by income level is adequate. This is based on an adequate distribution of small loans to businesses.

Home Mortgage Loans

The bank did not report home mortgage loans.

Small Loans to Businesses

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

Borrower distribution of small loans to businesses is adequate. The percentage of the bank's loans made to businesses with gross annual revenues of \$1 million or less is much less than the percentage of these businesses in the AA. However, the bank's market share of such loans matches peer banks in the area. As indicated through community contacts and noted in the bank's community profile, during the evaluation period, the business climate for small businesses has been very poor given weak economic conditions.

Small Loans to Farms

The bank did not report small loans to farms.

Consumer Loans

The bank did not report consumer loans.

Community Development Lending

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of CD lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

The quantity and quality of the bank's CD lending had a positive impact on the bank's rating. These loans represent 19% of the bank's tier I capital. Seven loans totaling \$9.4 million were considered in the assessment of the bank's CD lending. The loans are responsive to identified CD needs within the bank's AA.

The following are examples of CD loans that directly target low- and moderate-income neighborhoods or individuals:

- Line of credit to a not-for-profit organization that serves low- and moderate-income persons who are developmentally disabled. The organization provides specialized job training for its clients.
- A loan for a mixed-use retail and low- and moderate-income housing in the international district to assist in revitalization and stabilization of that area.

In addition to the CD loans made in the AA, the bank made 4 CD loans totaling \$14.7 million outside of its AA. Although not considered in the bank's record of CD lending, the loans are responsive to opportunities resulting from existing business relationships. Two of these loans were made to sovereign tribal nations in Oregon and Alaska. The bank made two additional CD related loans that were reported in the small loans to business category. One loan provided needed grocery services in an underserved area while the other provided additional assistance to revitalize and stabilize the international district in the bank's AA.

Product Innovation and Flexibility

The bank does not offer any flexible or innovative lending products.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in its AA is good.

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

During the evaluation period, TCB made 57 qualified grants, donations, and investments totaling \$2.8 million. Although the opportunities for investments in the AA are high, the bank's capacity to identify and respond to opportunities is hindered by the small size of its staff.

TCB's investments consist of grants, bonds, and capital contributions to organizations that provide services to low- and moderate-income individuals, organizations that deal with affordable housing issues, and organizations that aid small businesses. These investments are responsive to needs identified in the bank's AA. One investment was coupled with a large line of credit to provide a total package of funds specific to the entity's needs.

TCB made three large investments that were responsive to its AA. This includes \$500 thousand to an affordable housing fund and two transactions totaling \$2.6 million in FNMA bonds secured by low- and moderate-income borrower mortgages in the AA. TCB has funded \$10 thousand of its affordable housing fund commitment and the remainder will be funded in future evaluation periods. An additional \$500 thousand commitment was made to two SBIC investment funds serving a wider area that includes the bank's AA. Of this, \$176 thousand of its commitment was funded during the evaluation period.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

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

Retail Banking Services

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

TCB has one branch office located in the downtown corridor of Seattle. As a result of the updated 2000 census data, the income designation of the census tract of TCB's branch office changed to a moderate-income tract from a middle-income tract. It is noted that this branch office is in a downtown office building and as such, does not positively or negatively impact the bank's ability to serve low-and moderate-income individuals. In addition, the bank has neither opened nor closed any offices or facilities during the evaluation period. Consequently, analysis of the bank's branch distribution is not meaningful.

TCB's branch office is open during general business hours, Monday through Friday. The bank does not operate any branches or ATMs, although it does offer ATM cards via membership with other ATM networks.

TCB has non-traditional delivery systems, however, the service is not specifically targeted to low- and moderate-income geographies, small businesses, or LMI individuals. The bank offers courier and armored car service for its business clients. Businesses located in low- and moderate-income geographies may use these services. In addition, the bank offers internet and telephone banking.

Community Development Services

Bank employees and board members are active in various organizations in a board or committee member role. The purpose of these organizations is to help provide affordable housing or services to low- and moderate-income individuals and small businesses. Management and employees of the bank provided over 1300 hours of CD services to ten qualified organizations.

TCB contributes a significant amount of effort on the Compass Center. The Compass Center provides various needed services for low-income persons, including those who are homeless. The bank's officers were responsive in helping the Compass Center establish a banking function for its clients. Services include budgeting, as well as, processing payments for clearance from government organizations on behalf of homeless individuals. These individuals may deposit their funds with the center and withdraw them on an as-needed basis. The center has a teller and banking system (including an ATM), giving it the ability to provide efficient and tailored banking services to the very needy.

The Compass Center is considered innovative given the unique process it employs to service low-and moderate-income persons. TCB took a leadership position in formulating this concept. The bank also sought the necessary regulatory approval and involved other local banks to promote this initiative. TCB also coordinated the acquisition, installation, and integration of ITI software, EZ Teller software, and Cash Dispensing hardware. This replaced a manual system that entailed handling large volumes of uncontrolled cash. Ongoing training and technical support for these systems is also provided by TCB.

This service program is now being used as a pilot program in other metropolitan areas. The Federal Reserve Bank of San Francisco recognized TCB's leadership role with this service by honoring the bank with a Community Development CRA Award for the year 2000.

TCB provides additional CD services through board and committee membership with various organizations that provide social and health services to the low-income populations of Seattle and King County. The services include a food bank, elderly lunch program, job training, and mental health/substance abuse counseling.

Appendix A: Scope of Examination

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

| | | |
|--|---|--------------------------|
| Time Period Reviewed | Lending Test (excludes CD Loans): (1/1/2000 to 12/31/2003) Investment/Service Tests/CD Loans: (08/07/2000 to 04/05/2004) | |
| Financial Institution | Products Reviewed | |
| The Commerce Bank of Washington, National Association Seattle, Washington | Loans to small businesses community development loans, investments, and services | |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| None reviewed | NA | NA |
| List of Assessment Areas and Type of Examination | | |
| Assessment Area | Type of Exam | Other Information |
| Portions of King County within the Seattle-Bellevue MA #7600 | Full-Scope | |

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

| | |
|--|--------------------|
| Portions of King County and Seattle-Bellevue MA # 7600 | B2 |
|--|--------------------|

| Demographic Information Full- Scope Area: King County – Census Data year 2000 | | | | | | |
|--|---------|---------------------------|--|---------------|------------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 159 | 3.77 | 19.50 | 45.28 | 31.45 | 0.00 |
| Population by Geography | 722,981 | 3.93 | 20.25 | 45.78 | 30.04 | 0.00 |
| Owner-Occupied Housing by Geography | 168,630 | 0.81 | 13.45 | 48.04 | 37.70 | 0.00 |
| Business by Geography | 71,163 | 3.34 | 19.53 | 38.01 | 39.11 | 0.00 |
| Farms by Geography | 1,138 | 1.67 | 16.43 | 46.75 | 35.15 | 0.00 |
| Family Distribution by Income Level | 158,043 | 18.39 | 17.14 | 21.63 | 42.84 | 0.00 |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 56,156 | 4.68 | 27.86 | 47.57 | 19.89 | 0.00 |
| Median Family Income HUD Adjusted Median Family Income for 2003 Households Below Poverty Level | | 63,758 71,900 9.51% | Median Housing Value Unemployment Rate (1990 US Census) | | 279,514 2.81% | |

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

Source: 2000 US Census and 2003 HUD updated MFI

| Demographic Information Full-Scope Area: Census Data year 1990 | | | | | | |
|--|---------|----------------------------|--|---------------|------------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts/BNAs) | 165 | 5.45 | 18.79 | 47.27 | 21.82 | 6.67 |
| Population by Geography | 678,565 | 4.53 | 20.99 | 51.23 | 23.09 | 0.15 |
| Owner-Occupied Housing by Geography | 156,967 | 1.30 | 14.19 | 55.18 | 29.33 | 0.00 |
| Business by Geography | 71,341 | 4.74 | 22.88 | 43.28 | 29.10 | 0.00 |
| Farms by Geography | 1,050 | 2.86 | 19.33 | 53.62 | 24.19 | 0.00 |
| Family Distribution by Income Level | 158,188 | 18.56 | 18.44 | 23.82 | 39.19 | 0.00 |
| Distribution of Low and Moderate Income Families throughout AA Geographies | 58,523 | 6.10 | 27.89 | 52.69 | 13.32 | 0.00 |
| Median Family Income HUD Adjusted Median Family Income for 2002 Households Below Poverty Level | | 43,103 77,900 10.12% | Median Housing Value Unemployment Rate (1990 US Census) | | 163,531 2.61% | |

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

Source: 1990 US Census and 2002 HUD updated MFI

TCB's AA consists of 165 census tracts in King County within the Seattle Bellevue Everett MSA 7600 and is located in the western part of the state around the Puget Sound. King County lies on the western shore of Puget Sound and is the largest metropolitan area in the MSA and the state. More than half the population of the county resides in the bank's AA, which also comprises half of the counties and census tracts. There are 9 low and 31 moderate-income census tracts in the MSA. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies.

The economy of the MSA was long anchored by lumbering, shipping, and aerospace. Although Boeing remains the highest single source of employment, lumbering and shipping remain significant and many high-tech companies, most notably Microsoft, now dominate.

Seattle is one of the country's major centers for the computer and software industry. However, the main source of employment in Island County is the Whidbey Island Naval base. Tourism is also a major industry in the area given the significant scenic attractions and Seattle's position as a gateway for travel to Alaska and British Columbia.

The growth and dominance of the high-tech sector resulted in significant growth in personal income and personal wealth in the region. Available sources indicate that high tech employment accounts for about 8% of all employment in the region and the highest single concentration of jobs. This phenomenon caused a rapid increase in the cost of housing in the area and created housing shortages for low- and moderate-income persons. As of January 2001, the estimated cost of living in Seattle was 35% higher than the U.S. average.

Following a period of unprecedented growth in the region ending in 2000, the area fell into a recession that began in January 2001 and peaked in 2002. Unemployment rates are higher than national averages. Housing prices remain above the national average and there has been a net migration out of the area. Forecasts call for a slow recovery due to uncertainty in production at Boeing. It is estimated that Boeing employment creates 2.8 jobs for every one Boeing job. Any slow down in production at Boeing has a strong ripple effect on the economy of the region. The high concentrations of internet and software companies are a leading cause of the unemployment and recession, but should rebound as demand resumes.

There are 57 institutions operating 503 branch offices in King County (branch office and deposit data is only available at the county level). TCB has the 10th largest deposit market share with 1.22% of total deposits. TCB and First Savings Bank of Renton have only one branch office each in the AA. All other financial institutions ranking in the top ten of deposit market share have ten or more branches in the AA. The market is dominated by Bank of America, National Association with 96 branches and 30% of the market share of deposits followed by Washington Mutual Bank with 78 branches and 24% of the deposit market share. Additional lending competition comes from several credit card and mortgage companies operating within the AA.

We reviewed and updated community contacts conducted by the OCC and other organizations over the past several years. Community contacts indicate difficult times for small businesses and the continued need for affordable housing due to the recession and high housing prices. The information gathered indicates that because of the surplus in the residential rental market, there were some pockets of opportunity for the moderate-income rental housing. However, single family homes and housing for low-income families remain in short supply.

Community contact information also indicates that financial institutions are not active with long term financing for low-income housing. Community groups have not seen funding to consortiums keep pace with the decline in the willingness to fund directly. Banks could also develop more creative underwriting or products to get the projects financed without sacrificing credit quality. Opportunities also exist for banks to provide grants or other start up funds to get housing projects off the ground.

Other needs identified by community groups include revolving loan funds, capital, lines of credit, credit card services, and unsecured loans for small businesses. It was conveyed that low- and moderate-income communities generally do not have sufficient access to traditional small business loans and that banks need to be flexible in providing this type of financing to an

underserved neighborhood. Education is also a high priority. To reach new immigrant communities, education and outreach in the language spoken by the client is critical. Loan officers with ties to the community are also beneficial. Areas where needs are greatest include the Central Area, White Center, and Southpark neighborhoods.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.

Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

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

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

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

Table 1. Lending Volume

| LENDING VOLUME | | | | | | | | | | | | |
|---|-------------------------------------|---------------|------------|---------------------------|------------|----------------------|------------|-------------------------------|------------|----------------------|------------|--------------------------------------|
| Geography: KING COUNTY | | | | | | | | | | | | |
| Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002 | | | | | | | | | | | | |
| MA/Assessment Area: | % of Rated Area Loans (#) in MA/AA* | Home Mortgage | | Small Loans to Businesses | | Small Loans to Farms | | Community Development Loans** | | Total Reported Loans | | % of Rated Area Deposits in MA/AA*** |
| | | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | |
| Full Review: | | | | | | | | | | | | |
| King County - 1990 Census Data | 100.00 | 0 | 0 | 776 | 145,276 | 0 | 0 | 9 | 9,412 | 785 | 154,688 | 100.00 |

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

** The evaluation period for Community Development Loans is From August 07, 2000 to December 31, 2002.

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

Table 6. Geographic Distribution of Small Loans to Businesses

| Geographic Distribution: SMALL LOANS TO BUSINESSES | | Geography: KING COUNTY | | | | | Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002 | | | | | Market Share (%) by Geography* | | | | |
|--|----------------------------|------------------------|------------------------|--------------|-----------------------------|--------------|---|--------------|--------------------------|--------------|---------|--------------------------------|------|------|------|--|
| MA/Assessment Area: | Total Small Business Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Overall | Low | Mod | Mid | Upp | |
| | # | % of Total** | % of Businesses*** | % BANK Loans | % of Businesses*** | % BANK Loans | % of Businesses*** | % BANK Loans | % of Businesses*** | % BANK Loans | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | |
| King County-1990 Census Data | 776 | 100.00 | 5.37 | 7.99 | 24.51 | 19.85 | 43.59 | 25.39 | 26.53 | 46.78 | 0.65 | 2.70 | 0.77 | 0.38 | 1.05 | |

* Based on 2002 Peer Small Business Data: US and PR.

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

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

Table 11. Borrower Distribution of Small Loans to Businesses

| Borrower Distribution: SMALL LOANS TO BUSINESSES | | | | | | | | | |
|--|---------------------------------|--------------|---|---|--|--------------------------|----------------------------|----------------|-------------------------|
| Geography: KING COUNTY | | | | Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002 | | | | | |
| MA/Assessment Area: | Total Small Loans to Businesses | | Businesses With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Business Size | | | Market Share * | |
| | # | % of Total** | % of Businesses*** | % BANK Loans**** | \$100,000 or less | > \$100,000 to \$250,000 | > \$250,000 to \$1,000,000 | All | Rev\$ 1 Million or Less |
| Full Review: | | | | | | | | | |
| King County -1990 Census Data | 776 | 100.00 | 65.73 | 28.09 | 54.38 | 19.85 | 25.77 | 0.65 | 0.64 |

* Based on 2002 Peer Small Business Data: US and PR.

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

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

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

| QUALIFIED INVESTMENTS | | | | | | | | | |
|---|---------------------------|-----------|----------------------------|-----------|-------------------|-----------|------------|------------------------|-----------|
| Geography: KING COUNTY | | | | | | | | | |
| Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002 | | | | | | | | | |
| MA/Assessment Area: | Prior Period Investments* | | Current Period Investments | | Total Investments | | | Unfunded Commitments** | |
| | # | \$(000's) | # | \$(000's) | # | \$(000's) | % of Total | # | \$(000's) |
| Full Review: | | | | | | | | | |
| King County -1990 Census Data | 1 | 418 | 5 | 2,826 | 6 | 3,244 | 100.00 | 3 | 814 |

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

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

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

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS | | | | | | | | | | | | | | | | | |
|---|--------------------------------|--------------------|--------------------------------|---|------|--------|------|--------------------------|----------------------|---|-----|-----|-----|---------------------------------------|-------|-------|-------|
| Geography: KING COUNTY | | | | | | | | | | | | | | | | | |
| Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002 | | | | | | | | | | | | | | | | | |
| MA/Assessment Area: | Deposit s | Branches | | | | | | Branch Openings/Closings | | | | | | Population | | | |
| | % of Rated Area Deposits in AA | # of BANK Branches | % of Rated Area Branches in AA | Location of Branches by Income of Geographies (%) | | | | # of Branch Openings | # of Branch Closings | Net change in Location of Branches (+ or -) | | | | % of Population within Each Geography | | | |
| | | | | Low | Mod | Mid | Upp | | | Low | Mod | Mid | Upp | Low | Mod | Mid | Upp |
| Full Review: | | | | | | | | | | | | | | | | | |
| King County -1990 Census Data | 100.00 | 1 | 100 | 0.00 | 0.00 | 100.00 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 4.53 | 20.99 | 51.23 | 23.09 |

Table 1. Lending Volume

| LENDING VOLUME | | | | | | | | | | | | |
|---|-------------------------------------|---------------|------------|---------------------------|------------|----------------------|------------|-------------------------------|------------|----------------------|-----------|--------------------------------------|
| Geography: KING COUNTY | | | | | | | | | | | | |
| Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003 | | | | | | | | | | | | |
| MA/Assessment Area: | % of Rated Area Loans (#) in MA/AA* | Home Mortgage | | Small Loans to Businesses | | Small Loans to Farms | | Community Development Loans** | | Total Reported Loans | | % of Rated Area Deposits in MA/AA*** |
| | | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$ (000's) | # | \$(000's) | |
| Full Review: | | | | | | | | | | | | |
| King County -2000 Census Data | 100.00 | 0 | 0 | 377 | 79,705 | 0 | 0 | 7 | 9,412 | 384 | 89,117 | 100.00 |

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

** The evaluation period for Community Development Loans is From January 01, 2003 to December 31, 2003.

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

Table 6. Geographic Distribution of Small Loans to Businesses

| Geographic Distribution: SMALL LOANS TO BUSINESSES | | Geography: KING COUNTY | | | | | Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003 | | | | | Market Share (%) by Geography [*] | | | | |
|--|----------------------------|--------------------------|--------------------------------|--------------|--------------------------------|--------------|---|--------------|--------------------------------|--------------|---------|--|------|------|------|--|
| MA/Assessment Area: | Total Small Business Loans | | Low-Income Geographies | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | | Overall | Low | Mod | Mid | Upp | |
| | # | % of Total ^{**} | % of Businesses ^{***} | % BANK Loans | % of Businesses ^{***} | % BANK Loans | % of Businesses ^{***} | % BANK Loans | % of Businesses ^{***} | % BANK Loans | | | | | | |
| Full Review: | | | | | | | | | | | | | | | | |
| King County -2000 Census Data | 377 | 100.00 | 3.34 | 3.45 | 19.53 | 28.91 | 38.01 | 26.79 | 39.11 | 40.85 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |

^{*} Based on Aggregate Small Business Data Only.

^{**} Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

^{***} Source Data - Dun and Bradstreet (2003).

Table 11. Borrower Distribution of Small Loans to Businesses

| Borrower Distribution: SMALL LOANS TO BUSINESSES | | Geography: KING COUNTY | | | Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003 | | | | |
|--|---------------------------------|--------------------------|---|------------------------------|---|--------------------------|----------------------------|---------------------------|-------------------------|
| MA/Assessment Area: | Total Small Loans to Businesses | | Businesses With Revenues of \$1 million or less | | Loans by Original Amount Regardless of Business Size | | | Market Share [*] | |
| | # | % of Total ^{**} | % of Businesses ^{***} | % BANK Loans ^{****} | \$100,000 or less | > \$100,000 to \$250,000 | > \$250,000 to \$1,000,000 | All | Rev\$ 1 Million or Less |
| Full Review: | | | | | | | | | |
| King County -2000 Census Data | 377 | 100.00 | 65.93 | 33.69 | 49.34 | 25.99 | 24.67 | 0.00 | 0.00 |

^{*} Based on Aggregate Small Business Data Only.

^{**} Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

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

^{****} Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

| QUALIFIED INVESTMENTS Geography: KING COUNTY Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003 | | | | | | | | | |
|--|---------------------------|-----------|----------------------------|-----------|-------------------|-----------|------------|------------------------|-----------|
| MA/Assessment Area: | Prior Period Investments* | | Current Period Investments | | Total Investments | | | Unfunded Commitments** | |
| | # | \$(000's) | # | \$(000's) | # | \$(000's) | % of Total | # | \$(000's) |
| Full Review: | | | | | | | | | |
| King County -2000 Census Data | 1 | 418 | 5 | 2,826 | 6 | 3,244 | 100.00 | 3 | 814 |

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

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

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

| DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS | | | | | | | | | | | | | | | | | | |
|---|--------------------------------|--------------------|--------------------------------|---|------|--------|------|--------------------------|----------------------|---|-----|-----|-----|---------------------------------------|------|-------|-------|-------|
| Geography: KING COUNTY | | | | | | | | | | | | | | | | | | |
| Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003 | | | | | | | | | | | | | | | | | | |
| MA/Assessment Area: | Deposits | Branches | | | | | | Branch Openings/Closings | | | | | | Population | | | | |
| | % of Rated Area Deposits in AA | # of BANK Branches | % of Rated Area Branches in AA | Location of Branches by Income of Geographies (%) | | | | # of Branch Openings | # of Branch Closings | Net change in Location of Branches (+ or -) | | | | % of Population within Each Geography | | | | |
| | | | | Low | Mod | Mid | Upp | | | Low | Mod | Mid | Upp | Low | Mod | Mid | Upp | |
| Full Review: | | | | | | | | | | | | | | | | | | |
| King County -2000 Census Data | 100.00 | 1 | 100 | 0.00 | 0.00 | 100.00 | 0.00 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3.93 | 20.25 | 45.78 | 30.04 |