



**NEW YORK STATE BANKING DEPARTMENT
CONSUMER SERVICES DIVISION**

One State Street
New York, NY 10004

PUBLIC SUMMARY

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Date of Evaluation: December 31, 2003

Institution: Woori America Bank
1250 Broadway
New York, NY 10001

Note: This evaluation is not an assessment of the financial condition of this institution. The rating assigned does not represent an analysis, conclusion or opinion of the New York State Banking Department concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (“CRA”) performance of Woori America Bank’s New York State branch operations prepared by the New York State Banking Department. The evaluation represents the Banking Department’s current assessment and rating of the institution’s CRA performance based on an evaluation conducted as of December 31, 2003.

Section 28-b of the New York State Banking Law, as amended, requires that when evaluating certain applications, the Superintendent of Banks shall assess a banking institution’s record of helping to meet the credit needs of its entire community, including low and moderate-income (“LMI”) areas, consistent with safe and sound operations.

Part 76 of the General Regulations of the Banking Board implements Section 28-b and further requires that the Banking Department assess the CRA performance records of regulated financial institutions. Part 76 establishes the framework and criteria by which the Department will evaluate the performance. Section 76.5 further provides that the Banking Department will prepare a written report summarizing the results of such assessment and will assign to each institution a numerical CRA rating based on a 1 to 4 scoring system. The numerical scores represent an assessment of CRA performance as follows:

- (1) outstanding record of meeting community credit needs;
- (2) satisfactory record of meeting community credit needs;
- (3) needs to improve record of meeting community credit needs; and
- (4) substantial noncompliance in meeting community credit needs.

Section 76.5 further requires that the CRA rating and the written summary (“Evaluation”) be made available to the public. Evaluations are primarily based on a review of performance tests and standards described in Section 76.7 and detailed in Sections 76.8 to 76.13. The tests and standards incorporate the 12 assessment factors contained in Section 28-b of the New York State Banking Law.

For explanation of technical terms used in this report, please consult the **GLOSSARY** at the back of this document.

OVERVIEW OF INSTITUTION'S PERFORMANCE

Overall Rating

Woori America Bank ("Woori") is rated "2," indicating a satisfactory record of helping to meet community credit needs. However, to retain a satisfactory rating going forward, bank management will need to address the shortcomings noted in the components rated "low satisfactory" or worse.

Lending Test: "Low Satisfactory"

- Through its small business lending, Woori has demonstrated adequate responsiveness to assessment area credit needs. Since the prior evaluation, Woori has shifted its lending focus to commercial credit, including small business lending.
 - Since the prior evaluation, Woori has dramatically increased its lending to small businesses within its assessment area. During 2000 and 2001, the bank originated 93 loans totaling \$10.1 million. During the current evaluation period, Woori originated 323 loans totaling \$19.5 million. This change represents a 247% increase in the number of small business originations, and a 93.1% increase in dollar volume. In 2002, Woori ranked 14th out of 215 lenders based on a market share of 0.41% of aggregate adjusted small business loan originations¹ in the area. Based on dollar volume, Woori ranked 23rd with a market share of 0.33%.
- The bank made a high percentage of its loans within the assessment area.
 - Woori originated 386 small business loans in New York State during the evaluation period, for a total of approximately \$27 million. The assessment area concentration was 83.7% (323 out of 386 originations) based on number of loans and 72.6% based on dollar volume.
 - The bank originated 46 HMDA-reportable loans in New York State during the evaluation period. Approximately two-thirds of these loans were within the assessment area.
- The geographic distribution of loans reflects adequate penetration throughout the assessment area.
 - The geographic distribution of small business loans reflects adequate penetration throughout the assessment area. In 2002, the bank originated 163 small business loans, for a total of \$9.8 million, within its assessment area. Twelve (7.4%) of these loans, totaling \$395 thousand (4%), were originated in LMI census tracts. Woori's

¹ Adjusted small business loan volume removes lenders with no branch presence in the tri-state area. These financial institutions offer small business loans via credit cards but do not amass retail deposits. Although loan volume for these lenders is quite high, the average loan size is very small. In Woori's assessment area, the adjusted volume removed 12 lenders (totaling 75.3 thousand loans) with an average loan size of \$5.6 thousand.

LMI area penetration ratios improved in 2003, when the bank originated 160 small business loans totaling \$9.7 million. Twenty-one (13.1%) of these loans, totaling \$558 thousand (5.8%), were originated in LMI census tracts.

- The percentage of HMDA-reportable loans originated in LMI census tracts is excellent considering the low percentage of owner-occupied housing in LMI geographies within the assessment area. The bank's combined LMI penetration rates were 16.7% and 15.8% in 2002 and 2003, respectively, compared to the owner-occupied rates of 7% and 9.3%, respectively.
- The distribution of loans based on borrower characteristics reflects good penetration among businesses of different sizes and consumers of different income levels.
 - Woori extended 74% of its small business loans to businesses with annual revenues of \$1 million or less, which is good compared to the business demographics of the assessment area.
 - The percentage of HMDA-reportable loans originated to LMI borrowers is adequate. The bank's LMI borrower penetration rate of 16.7% in 2002 exceeded the market aggregate ratio of 14.5%. The bank's ratio declined to 5.3% in 2003, but this decline was consistent with changes in the overall market. During the evaluation period, Woori did not originate any HMDA-reportable loans to low-income borrowers.
- Woori did not make any community development loans within its New York State assessment area.
- Woori makes limited use of innovative or flexible lending products in serving the credit needs of its assessment area.
 - The bank instituted an equipment lease program in response to the needs of local dry-cleaning merchants and originated two loans under this program.
 - During the evaluation period, Woori became a United States Small Business Administration ("SBA") lender, offering the 7(a) Loan Guaranty program and the LowDoc loan program. The bank originated nine SBA loans totaling \$3.3 million.

Investment Test: "Needs to Improve"

- The bank's level of community development investments is considered poor. Woori's qualified investments during the evaluation period were limited to \$20 thousand in grants.

Service Test: “High Satisfactory”

- Woori’s delivery systems are accessible to essentially all portions of the bank’s assessment area. Woori operates three branch offices in New York State; two are located in LMI census tracts and one is adjacent to LMI census tracts.
- The bank offers bank-by-mail, toll-free telephone banking and Internet banking.
- All of Woori’s branches in New York feature bi-lingual service and two of the three branches have 24-hour ATM service.
- During the evaluation period, the bank neither opened nor closed any offices in New York State.
- The bank provides an adequate level of community development services. Several of the bank’s senior officers participate in various community business and non-profit organizations within the Korean-American community.

This Evaluation was conducted based on a review of the 12 assessment factors set forth in Section 28-b of the New York State Banking Law and Part 76 of the General Regulations of the Banking Board.

PERFORMANCE CONTEXT

Institution's Profile:

When chartered in 1984, Woori America Bank ("Woori") was known as Korea Commercial Bank of New York and was a wholly owned subsidiary of the Commercial Bank of Korea. Following the merger of Commercial Bank of Korea with Hanil Bank in 1999, the institution's name was changed to Hanvit America Bank. Later, in 2002, the bank became part of a new financial holding company, Woori Financial Group ("WFG") of South Korea, and its name changed again, this time to Woori America Bank.

WFG was created in 2001 when the South Korean government consolidated its interests in five financial institutions into three bank subsidiaries. The largest of these three subsidiaries, Woori Bank, owns 100% of Woori America Bank.

In mid-2003, Woori acquired Panasia Bank from National Penn Bancshares, Incorporated. This transaction increased Woori's presence in New Jersey and expanded its footprint into the states of Pennsylvania and Virginia. In addition to its three offices in New York State, Woori now operates five full-service branches in New Jersey, two in Pennsylvania and one in Virginia. Woori's customers are primarily Korean-American.²

Woori reported total assets of \$613 million as of December 31, 2003, which reflects an increase of \$280.3 million (84.3%) since the prior evaluation date of December 31, 2001. Much of the increase is attributable to Woori's acquisition of Panasia Bank, which brought approximately \$217 million in assets to Woori's balance sheet. The following chart illustrates the composition of the Woori's assets for year-end 2001, 2002 and 2003:

Woori Balance Sheet (Assets in Thousands of \$)	12/31/2003		12/31/2002		12/31/2001	
	\$	%	\$	%	\$	%
Net Loans and Leases	371,932	60.7	229,063	62.7	192,758	57.9
Securities	135,131	22.0	73,675	20.2	54,275	16.3
Cash and Balances Due From Depository Institutions	40,449	6.6	21,795	6.0	24,119	7.2
Federal Funds Sold	28,600	4.7	30,000	8.2	50,600	15.2
Intangible Assets	23,384	3.8	29	0.0	58	0.0
Premises and Fixed Assets	7,897	1.3	4,893	1.3	4,270	1.3
Other Assets	5,589	0.9	6,094	1.7	6,601	2.0
Total	612,982	100.0	365,549	100.0	332,681	100.0

As of December 31, 2003, Woori's deposits totaled \$545.4 million. According to data provided by bank management, approximately 45.5% of these deposits are attributable to the institution's branches in New York State.

According to data available from the Federal Deposit Insurance Corporation ("FDIC"), Woori's network of branches in New York and Queens Counties held \$230.5 million in

² Woori opened a fourth branch in Queens County in January 2004, subsequent to the date of this evaluation.

deposits as of June 30, 2003. At that time, Woori ranked 51st out of 102 FDIC-insured deposit-taking institutions in its assessment area, with 0.07% of total deposits. The following chart shows Woori's deposit market share in each of the two counties it serves in New York State:

Woori's Deposit Market Share as of June 30, 2003					
County	Woori Branches	Deposits \$(000s)	Market Share	Ranking	Competing Institutions
New York	1	84,349	0.03%	62	91
Queens	2	146,185	0.44%	24	46
Assessment Area	3	230,534	0.07%	51	102

The bank operates in the highly competitive New York market and competes with several institutions that have significantly greater resources and larger branch systems. For example, the four largest deposit-taking institutions in Woori's assessment area completely dominate the market with a combined total of 328 branches, \$245.1 billion in deposits and a market share of 74.6%.

The following chart illustrates the composition of the bank's loan portfolio as of year-end 2001, 2002 and 2003:

Woori Total Gross Loans Outstanding						
Loan Type	12/31/2003		12/31/2002		12/31/2001	
	\$(000s)	%	\$(000s)	%	\$(000s)	%
Commercial Real Estate Loans	203,631	53.9	106,277	45.8	81,953	41.9
1-4 Family Residential Mortgage Loans	88,937	23.6	68,263	29.4	65,624	33.6
Commercial & Industrial Loans	63,605	16.8	35,796	15.4	30,248	15.5
Loans to Depository Institutions	16,511	4.4	20,338	8.8	16,000	8.2
Consumer Loans	2,852	0.8	1,339	0.6	1,702	0.9
Other Loans	1,646	0.4	0	0.0	12	0.0
Multifamily Mortgage Loans	378	0.1	0	0.0	0	0.0
Construction and Land Development Loans	0	0.0	0	0.0	12	0.0
Total Gross Loans	377,560	100.0	232,013	100.0	195,551	100.0

Real estate lending, especially commercial real estate lending, comprises the bulk of Woori's portfolio. From year-end 2001 through year-end 2003, Woori had an average of 76.1% of its portfolio in real estate loans. The next largest category was commercial and industrial lending, which accounted for an average of 16.1% of gross loans over the same period. The steady increase in commercial real estate lending since the prior evaluation offset a decline in 1-4 family residential mortgage lending. Management stated that Woori did not offer a fixed-rate mortgage product until it purchased Panasia Bank. In a low interest-rate environment, as occurred during 2002 and 2003, customers normally would not refinance to adjustable-rate mortgages because rates are likely to rise, which would increase the cost of an adjustable rate loan. The bank also stated that the higher volume of mortgage originations observed at the prior evaluation was attributable to an inordinate number of Koreans immigrating to the northeast area due to the uncertainty of the Republic of Korea's economy from 1999 through 2001.

Woori offers a variety of retail and commercial loan products including, but not limited, to the following:

- | | |
|-------------------------------|-------------------------------|
| Residential Home Mortgages | Home Equity Loans |
| Personal Loans | Home Equity Lines of Credit |
| Express Business Loans | Personal Overdraft Protection |
| Business Lines of Credit | Business Loans |
| Commercial Loans | Commercial Mortgage Loans |
| Cash Reserve Loans | SBA Loans |
| International Trade Financing | |

At the prior evaluation, conducted as of December 31, 2001, the Banking Department examined Woori using the small bank performance criteria and assigned a rating of “2”, reflecting a satisfactory record of helping to meet community credit needs.³ Due to the institution’s growth, the Banking Department conducted the present evaluation using the performance criteria applicable to large banks. This was Woori’s first evaluation under the large bank performance criteria.

There are no legal or financial impediments that adversely impact the institution’s ability to meet community credit needs.

Assessment Area:

The bank has delineated New York County (Manhattan) and Queens County as its assessment area. New York and Queens are two of the five counties that make up New York City and are part of Metropolitan Statistical Area (“MSA”) 5600.

The following chart illustrates the characteristics of the assessment area based on data from the 2000 U.S. Census. New York County has a much higher percentage of LMI census tracts than Queens County (38.9% versus 17.7%, respectively); however, Queens County contains a greater number of both total tracts and LMI tracts. Overall, 24.1% of the census tracts within Woori’s assessment area are LMI. In comparison, based on 1990 census data, 22.1% of the geographies in the assessment area were LMI.

Census Tracts in Woori's Assessment Area							
County Name	Zero	Low	Moderate	Middle	Upper	Total	% LMI
New York	9	47	68	26	146	296	38.9
Queens	18	12	107	298	238	673	17.7
Total by Tract Income Level	27	59	175	324	384	969	24.1
% of Total Census Tracts	2.8	6.1	18.1	33.4	39.6	100.0	

The assessment area appears reasonable based upon the location of the bank’s branches and its lending pattern.

³ A “small bank” for CRA purposes means a bank that, as of December 31 of either of the prior two calendar years, had total assets of less than \$250 million and was independent or an affiliate of a holding company that, as of December 31 of either of the prior two calendar years, had total banking and thrift assets of less than \$1 billion.

County Demographics

New York County

According to the U.S. Census Bureau, New York County had a population of 1.5 million residents in 2000. Approximately 12.2% of the population was over the age of 65 and 14.9% was under the age of 16.

In 2000, there were 306.2 thousand families in the county, of which 27.6% were low-income families, 13% were moderate-income, 12.5% were middle-income and 46.9% were upper-income families. There were 739.2 thousand households in the county, of which 16.6% had income below the poverty level.

There were 798.1 thousand housing units in New York County, 3.5% of which were 1 to 4 family units, 96.4% were multifamily units and 0.03% were mobile homes. Approximately 18.6% of the housing units were owner occupied and 10.6% of these were in LMI census tracts. A further 73.9% were rental occupied units and 37.7% of these were in LMI census tracts. Approximately 7.5% of the units were vacant and/or boarded up. In 2000, the median housing value was \$345.1 thousand and the median age of the housing was 40 years. Houses located in LMI census tracts have a median age of 41.5 years.

In 2000, the median family income for the county was \$71.6 thousand and MSA 5600 median family income was \$46.5 thousand. The U.S. Department of Housing and Urban Development (“HUD”) estimated MSA median family income was \$62.8 thousand and \$51.9 thousand in 2002 and 2003, respectively.⁴

According to the New York State Department of Labor, New York County’s unemployment rate was 8.2% in 2002 and 2003. The county’s average unemployment rates were well above the state’s average rates of 6.1% in 2002 and 6.3% in 2003.

Based on community economic distress, portions of New York County have been designated Empire Zones (“EZs”)⁵ by the State of New York. Firms located in these areas may be eligible for assistance including various tax credits, such as wage tax credits, investment tax credits, zone capital credits, sales tax refunds, real property tax abatements, technical assistance and utility rate savings.

The Harlem section of New York County is part of a designated federal Empowerment Zone (“FEZ”) that extends into the South Bronx. This area receives financial and technical support from a multiple of Federal agencies, as well as from the state and local governments. The program’s objectives are to increase employment opportunities for the residents through job training and economic development; to create new jobs and retain current jobs; and, to develop programs for affordable housing, education and childcare.

⁴ HUD estimates median family income figures annually. The decline noted between the estimated 2002 and 2003 incomes were caused by the use of 1990 U.S. census data for calculating the 2002 estimates and 2000 U.S. census data for calculating the 2003 estimates. This resulted in a large number of increases/decreases from 2002 estimates.

⁵ Empire Zones were formerly titled Economic Development Zones.

Various federal tax benefits and other assistance are available to businesses that open or employ residents in a FEZ.

Queens County

According to the U.S. Census Bureau, Queens County had a population of 2.2 million in 2000. Approximately 12.7% of the 2000 population was over the age of 65 and 20.4% was under the age of 16.

In 2000, there were 542.8 thousand families in the county, of which 21% were low-income families, 16.4% were moderate-income, 19.3% were middle-income and 43.3% were upper-income families. Of the 203 thousand LMI families, 30.7% lived in LMI census tracts and these families accounted for 56.2 % of all the families that lived in LMI census tracts. There were 782.6 thousand households in the county, of which 14.1% had income below the poverty level.

There were 817.5 thousand housing units in Queens County, 60.5% of which were 1- to 4-family units, 39.4% were multifamily units and 0.1% were mobile homes. Approximately 41% of the housing units were owner occupied and 8.6% of these were in LMI census tracts. A further 54.8% were rental occupied units and 28.6% of these were in LMI census tracts. Approximately 4.2% of the units were vacant and/or boarded up. In 2000, the median housing value was \$199.1 thousand and the median age of the housing was 40 years. Houses located in LMI census tracts have a median age of 38.5 years.

In 2000, the median family income for the county was \$49.8 thousand and MSA 5600 median family income was \$46.5 thousand. The HUD 2002 and 2003 estimated MSA median family income was \$ 62.8 thousand and \$51.9 thousand, respectively.

According to the New York State Department of Labor, Queens County's unemployment rate was 6.5% and 6.9% in 2002 and 2003, respectively. The county's average unemployment rates were above the state's average rates of 6.1% in 2002 and 6.3% in 2003.

Portions of Queens County have been designated EZs by the State of New York.

PERFORMANCE TESTS AND ASSESSMENT FACTORS

The Banking Department assesses a large bank's CRA performance by evaluating its lending, investment and service activities. These activities are evaluated using the lending, investment and service tests described in Sections 76.8, 76.9 and 76.10 of the General Regulations of the Banking Board.

This performance evaluation incorporates a review of the bank's lending, investment, and service activities within its New York State assessment area during calendar years 2002 and 2003. Products considered for this evaluation include small business loans and HMDA-reportable residential mortgage loans. Since Woori now focuses on commercial lending, this performance evaluation gives more weight to the bank's small business lending than to its residential mortgage lending.

Statistics utilized in this evaluation were derived from various sources. Aggregate lending data for 2002 were obtained from the Federal Financial Institutions Examination Council (FFIEC) and from PCi Corporation through its CRA Wiz© product. Aggregate data for 2003 were not yet available at the time of this evaluation. Income data for census tracts were taken from the U.S. Census, while HUD-estimates of 2002 and 2003 median family incomes were utilized for borrower income levels. The institution provided branch and ATM-related information.

I. Lending Test: "Low Satisfactory"

Lending Activity: "High Satisfactory"

Lending levels reflect good responsiveness to assessment area credit needs.

Since the prior evaluation, Woori has dramatically increased its small business originations within the assessment area. During 2000 and 2001, the bank originated a total 93 loans, amounting to \$10.1 million, within its assessment area. During the current evaluation period, Woori originated 323 loans totaling \$19.5 million. This change reflects a 247% increase in number, and a 93.1% increase in dollar volume, of loans originated by Woori within its assessment area.

Based on the number of loans it originated during 2002, Woori attained a market share of 0.41%, and ranked 14th out of 215 lenders in the market after adjusting for lenders with no branch presence in the area.⁶ Based on dollar volume, Woori ranked 23rd with a market share of 0.33%. These rankings appear more than reasonable considering Woori's limited branch presence in New York.

As of June 30, 2002 and June 30, 2003, Woori's three NYS branches accounted for

⁶ Adjusted small business loan volume removes lenders with no branch presence in the tri-state area. These financial institutions offer small business loans via credit cards but do not amass retail deposits. Although loan volume for these lenders is quite high, the average loan size is very small. In Woori's assessment area, the adjusted volume removed 12 lenders (totaling 75.3 thousand loans) with an average loan size of \$5.6 thousand.

approximately 69% of the bank's total retail deposits; however, this percentage declined to 45.5% as of December 31, 2003. By way of comparison, during calendar years 2002 and 2003, Woori's HMDA-reportable originations inside its New York State assessment area accounted for only 22.2% and 32.3%, respectively, of the bank's total HMDA-reportable loans. In contrast, Woori's small business lending reflected a relatively close match to the bank's deposit distribution, with loans in the New York State assessment area accounting for 49.4% of small business lending in 2002, and 48.5% in 2003.

Assessment Area Concentration: "High Satisfactory"

Overall, a high percentage of loans originated in New York State were made within the bank's assessment area.

Small Business Loans

Woori originated 193 small business loans within New York State during each year of the two-year evaluation period, for a total of \$13.4 million in loans per year. During both years, a high percentage (84.5% in 2001 and 82.9% in 2002) of the loan originations occurred inside the bank's assessment area. Based on dollar volume, these percentages were 73% and 72.3%, respectively.

HMDA-Reportable Loans

In 2002 and 2003, Woori originated 20 and 26 HMDA-reportable loans, respectively, in New York State. In 2002, Woori originated 60% of its HMDA loans inside its assessment area, while in 2003 this ratio improved to 73.1%. Based on dollar volume, the ratios were 54.1% and 76.3%.

The following charts illustrate the percentage of lending within the assessment area.

Assessment Area Concentration (Dollars in Thousands)								
	2003				2002			
<i>Small Business</i>	# of Loans	% by #	\$	% by \$	# of Loans	% by #	\$	% by \$
Inside	160	82.9	9,683	72.3	163	84.5	9,775	73.0
Outside	33	17.1	3,712	27.7	30	15.5	3,620	27.0
SUBTOTAL	193	100.0	13,395	100.0	193	100.0	13,395	100.0
HMDA								
Inside	19	73.1	5,461	76.3	12	60.0	3,153	54.1
Outside	7	26.9	1,700	23.7	8	40.0	2,672	45.9
SUBTOTAL	26	100.0	7,161	100.0	20	100.0	5,825	100.0
All Loans								
Inside	179	81.7	15,144	73.7	175	82.2	12,928	67.3
Outside	40	18.3	5,412	26.3	38	17.8	6,292	32.7
TOTAL	219	100.0	20,556	100.0	213	100.0	19,220	100.0

Assessment Area Concentration (Dollars in Thousands)								
	Small Business 2003 and 2002				HMDA-Reportable 2003 and 2002			
	# of Loans	% by #	\$	% by \$	# of Loans	% by #	\$	% by \$
Inside	323	83.7	19,458	72.6	31	67.4	8,614	66.3
Outside	63	16.3	7,332	27.4	15	32.6	4,372	33.7
Total	386	100.0	26,790	100.0	46	100.0	12,986	100.0

Geographic Distribution of Loans: "Low Satisfactory"

Overall, the geographic distribution of loans reflects adequate penetration throughout the assessment area.

Small Business Loans

As shown in the table below, during 2002 approximately 21% of all businesses in Woori's assessment area were located in census tracts designated as low- or moderate-income areas. During that same year, Woori originated only 7.4% of its small business loans (4% by dollar volume) in moderate-income areas and no loans in low-income areas.

When updated Census demographics were introduced in 2003, the percentage of businesses in Woori's assessment area falling within LMI census tracts dropped to 15.5%. At the same time, Woori's small business lending within moderate-income areas improved to 13.1% of total originations (5.8% by dollar volume), while originations in low-income areas remained at zero. The 2003 LMI penetration ratio reflects a dramatic improvement over the bank's performance in 2002, and appears reasonable compared to the area's updated business demographics.

Distribution of Woori's Small Business Loans by Tract Income Level (\$ in Thousands)										
Census Tract Income Level*	% of Total Businesses in the Assessment Area	2003				2002				% of Total Businesses in the Assessment Area
		#	%	\$	%	#	%	\$	%	
Low	3.2	0	0.0	0	0.0	0	0.0	0	0.0	4.2
Moderate	12.3	21	13.1	558	5.8	12	7.4	395	4.0	16.8
Middle	18.9	43	26.9	3,201	33.1	36	22.1	1,710	17.5	21.0
Upper	63.3	94	58.8	5,104	52.7	104	63.8	5,935	60.7	54.7
N/A	2.3	2	1.3	820	8.5	11	6.7	1,735	17.8	3.3
Total	100.0	160	100.0	9,683	100.0	163	100.0	9,775	100.0	100.0

* Tract income levels for 2002 lending reflect 1990 Census data. Tract income levels for 2003 reflect 2000 Census data

Between 2002 and 2003, Woori's small business lending improved significantly relative to the aggregate performance of all lenders in its assessment area. To be specific, in 2002 Woori originated only 7.4% (4.0% by dollar volume) of its small business loans in LMI census tracts, compared to 18.3% (18.5% by dollar volume) for the aggregate. In 2003, Woori's performance in LMI areas improved to 13.1% (5.8% by dollar volume) of total small

business originations, compared to 13.7% (11.1% by dollar volume) for the aggregate.

It is worth noting that, at the same time that LMI-area businesses declined as a percentage of total businesses, and aggregate lending to LMI-area businesses moved downward with the demographic benchmark, Woori was able to increase its lending to businesses in LMI areas. Because of Woori's efforts, the bank's performance during the second half of the assessment period was significantly closer to the demographic and aggregate lending benchmarks than was observed during 2002.

Distribution of Small Business Loans by Geographic Income Level								
Year 2002								
Geography Income Level	Bank				Aggregate			
	#	%	\$*	%	#	%	\$*	%
Low	0	0.0	0	0.0	3,762	3.3	94,064	2.8
Moderate	12	7.4	395	4.0	16,913	15.0	525,529	15.7
Middle	36	22.1	1,710	17.5	26,901	23.9	686,874	20.5
Upper	104	63.8	5,935	60.7	61,943	55.1	1,915,192	57.1
N/A	11	6.7	1,735	17.7	2,971	2.6	130,952	3.9
Total	163	93.3	9,775	100.0	112,490	100.0	3,352,611	100.0
Year 2003								
Geography Income Level	Bank				Aggregate			
	#	%	\$*	%	#	%	\$*	%
Low	0	0.0	0	0.0	3,064	2.6	73,242	2.0
Moderate	21	13.1	558	5.8	13,301	11.1	340,186	9.1
Middle	43	26.9	3,201	33.1	24,345	20.3	630,197	16.9
Upper	94	58.8	5,104	52.7	77,323	64.4	2,579,335	69.1
N/A	2	1.3	820	8.5	2,096	1.7	112,040	3.0
Total	160	100.0	9,683	100.0	120,129	100.0	3,735,000	100.0

* in thousands

** Data source: Year 2002 based on 1990 US Census; Year 2003 based on 2000 US Census

HMDA-Reportable Loans

The percentage of HMDA-reportable loans originated in LMI census tracts was excellent considering the low percentage of owner-occupied housing in those census tracts. As shown in the chart below, Woori's lending penetration of LMI areas in 2002 and 2003 were 16.7% and 15.8%, respectively. In contrast, during 2002, only 7.0% of all owner-occupied housing units inside Woori's assessment area were located in LMI areas. During 2003, this benchmark increased to 9.3%. In other words, Woori's HMDA-reportable lending to owner-occupants living in LMI areas exceeded the penetration rate that would be anticipated given the composition of the area's housing stock.

Distribution of Woori's HMDA-Reportable Loans by Census Tract Income Level										
Census Tract Income Level*	% Owner-Occupied Housing Units	2003				2002				% Owner-Occupied Housing Units
		#	%	\$(000s)	%	#	%	\$(000s)	%	
Low	0.8	0	0.0	0	0.0	0	0.0	0	0.0	0.8
Mod.	8.5	3	15.8	899	16.5	2	16.7	550	17.4	6.2
Middle	31.5	5	26.3	1,080	19.8	5	41.7	1,155	36.6	34.3
Upper	59.3	11	57.9	3,482	63.8	5	41.7	1,448	45.9	58.7
Total	100.0	19	100.0	5,461	100.0	12	100.0	3,153	100.0	100.0

* Census tract income levels for 2002 reflect 1990 Census data. Tract income levels for 2003 reflect data from the 2000 Census.

Woori's distribution of HMDA-reportable loans also compares favorably to aggregate data for the assessment area. Specifically, Woori originated 16.7% of its HMDA-reportable loans in LMI areas during 2002, while the market as a whole achieved an LMI penetration rate of 8.3%. In 2003, Woori originated 15.8% of its loans in LMI areas, compared to 9.8% for the market aggregate. While the raw difference in these percentages seems significant, Woori's low volume of HMDA-reportable lending activity makes the bank's penetration ratios susceptible to large swings based on the addition or removal of one or two loans. For example, if Woori had made one less loan in an LMI area during 2002, its LMI penetration rate would have dropped from 16.7% (2 out of 12) to 9.1% (1 out of 11). Even so, the bank's penetration ratios for HMDA-reportable lending in LMI areas during the evaluation period were solid.

Distribution of HMDA-reportable Loans by Geographic Income Level*								
2002								
Geography	Bank				Aggregate			
Income Level	#	%	\$**	%	#	%	\$**	%
Low	0	0.0	0	0.0	1,177	1.6	486,909	2.2
Moderate	2	16.7	550	17.4	5,073	6.7	1,684,216	7.6
Middle	5	41.7	1,155	36.6	25,034	33.2	5,538,102	24.9
Upper	5	41.7	1,448	45.9	44,038	58.5	14,566,225	65.4
Total	12	100.0	3,153	100.0	75,322	100.0	22,275,452	100.0
2003								
Geography	Bank				Aggregate			
Income Level	#	%	\$**	%	#	%	\$**	%
Low	0	0.0	0	0.0	1,002	1.0	366,130	1.2
Moderate	3	15.8	899	16.5	9,046	8.8	2,707,916	8.9
Middle	5	26.3	1,080	19.8	30,979	30.1	7,175,630	23.5
Upper	11	57.9	3,482	63.8	61,931	60.2	20,339,864	66.5
Total	19	100.0	5,461	100.0	102,958	100.0	30,589,540	100.0

** Dollars are shown in thousands.

Borrower Characteristics: “High Satisfactory”

Based on borrower characteristics, Woori’s loan distribution reflects good penetration among businesses of different sizes and adequate penetration among consumers of different income levels.

Small Business Loans

Woori’s penetration of lending to businesses with annual revenues \$1 million or less is good when compared to the business demographics of the assessment area.

The following two charts stratify the bank’s small business loans based on the borrowers’ gross annual revenues. The bottom chart excludes businesses with unknown revenues. In general, Woori’s ratios are in line with the area’s business demographics. When businesses with unknown revenues are excluded from consideration, Woori’s loan distribution to smaller businesses (i.e., those with gross annual revenues of \$1 million or less) falls below the demographic benchmark. However, when those same businesses are included in the analysis, Woori’s lending distribution exceeds the comparable benchmark.

Distribution of Woori's Small Business Loans by Gross Annual Revenues of Business										
	2003					2002				
Business Revenue Size	#	%	\$(000s)	%	% Businesses in Assessment Area	#	%	\$(000s)	%	% Businesses in Assessment Area
<= \$1 Million	118	73.8	7,433	76.8	60.8	121	74.2	7,525	77.0	64.3
> \$1 Million	28	17.5	1,944	20.1	8.9	28	17.2	1,944	19.9	9.6
Unknown	14	8.8	306	3.2	30.3	14	8.6	306	3.1	26.1
Total	160	100.0	9,683	100.0	100.0	163	100.0	9,775	100.0	100.0

Distribution of Woori's Small Business Loans by Gross Annual Revenues of Business (Removing Businesses with Unknown Revenues)										
	2003					2002				
Business Revenue Size	#	%	\$(000s)	%	% of Businesses with Reported Revenues	#	%	\$(000s)	%	% of Businesses with Reported Revenues
<= \$1 Million	118	80.8	7,433	79.3	87.2	121	81.2	7,525	79.5	87.0
> \$1 Million	28	19.2	1,944	20.7	12.8	28	18.8	1,944	20.5	13.0
Total	146	100.0	9,377	100.0	100.0	149	100.0	9,469	100.0	100.0

HMDA-Reportable Loans

The percentage of HMDA-reportable loans originated to LMI borrowers is adequate. As the following chart indicates, the bank’s LMI borrower penetration rate of 16.7% in 2002 exceeded the aggregate ratio of 14.5%. However, in 2003 the bank’s ratio declined to 5.3%.

During the evaluation period, Woori did not extend any HMDA-reportable loans to low-income borrowers; however, given the high cost of housing in the assessment area and

Woori's limited involvement in originating HMDA-reportable loans, this fact was not weighed heavily in determining the rating.

Distribution of Woori's HMDA-Reportable Loans by Borrower's Income Level											
Borrower Income Level	% Total Families in the Area*	2003				2002				% Total Families in the Area*	Aggregate Lending for 2002 (% of #)
		#	%	\$(000s)	%	#	%	\$(000s)	%		
Low	23.4	0	0.0	0	0.0	0	0.0	0	0.0	22.3	2.5
Moderate	15.1	1	5.3	120	2.2	2	16.7	239	7.6	15.5	12.0
Middle	16.9	2	10.5	497	9.1	2	16.7	592	18.8	18.7	24.2
Upper	44.6	16	84.2	4,844	88.7	8	66.7	2,322	73.6	43.5	61.3
Total	100.0	19	100.0	5,461	100.0	12	100.0	3,153	100.0	100.0	100.0

* Data for 2002 is based on the 1990 Census. Data for 2003 is based on the 2000 Census.

Community Development Lending Activities: “Substantial Noncompliance”

During this evaluation period, Woori made no qualified community development loans within its New York State assessment area.

Flexible or Innovative Lending Practices: “Low Satisfactory”

Woori makes limited use of innovative and/or flexible lending practices in serving the credit needs of its assessment area.

The bank has developed an equipment lease program in response to the needs of Korean dry-cleaning merchants. These merchants had been financing their equipment by borrowing directly from the manufacturers. Woori's specialized loan product features more attractive rates than those offered by manufacturers. During the evaluation period, the bank originated two small business equipment leases in its New York assessment area.

II. Investment Test: “Needs to Improve”

The investment test evaluates a banking institution's record of helping to meet the credit needs of its assessment area through qualified investments. Qualified investments are evaluated based on dollar volume, innovativeness or complexity, responsiveness to community development needs, and the degree to which qualified investments are not routinely provided by private investors.

Woori's level of qualified community development investments is inadequate. During the evaluation period, the bank's qualified investments were limited to approximately \$20 thousand in grants. Based on Woori's size and capacity, a higher level of qualified investments is expected.

Woori does not use innovative or complex investments to support community development initiatives.

III. Service Test: “High Satisfactory”

The service test evaluates a banking institution’s record of helping to meet the credit needs of its assessment area by analyzing both the availability and effectiveness of a banking institution’s systems of delivering retail banking services and the extent and innovativeness of its community development services.

Retail Banking Services: “High Satisfactory”

Accessibility of Delivery Systems

Woori’s delivery systems are accessible to essentially all portions of its assessment area. As the following chart indicates, Woori operates three branch offices, including two located in moderate-income census tracts, and one in a middle-income census tract that is adjacent to an LMI area. As a result, all of Woori’s branches in its New York assessment area are located in, or adjacent to, LMI census tracts. The bank operates five deposit-taking ATMs at its branch locations. Each ATM offers service in both English and Korean.

Woori Branch Locations in New York State (as of 12/31/2003)								
	Low	Moderate	Middle	Upper	N/A	Total	% Per County	Adjacent to LMI
New York	0	0	1	0	0	1	33.3	1
Queens	0	2	0	0	0	2	66.7	0
Total	0	2	1	0	0	3	100.0	1
% Per Tract Type	0.0	66.7	33.3	0.0	0.0	100.0		

Changes in Branch Locations

During the evaluation period, the bank neither opened nor closed any branches located in its New York State assessment area.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Services do not vary in a way that inconveniences any particular segment of the assessment area, particularly LMI geographies or LMI individuals.

The Flushing branch features Saturday banking hours that are tailored to the convenience of the community. Two branches feature 24-hour ATM service, and all branch offices feature bi-lingual service. The ATMs are linked with the NYCE, CIRRUS, PLUS and STAR networks.

The bank offers bank-by-mail, toll-free telephone banking, and Internet banking through its website. By utilizing on-line banking, customers can obtain information about their account balances, transfer funds, stop payments, make bill payments and access product information.

Community Development Services: “Low Satisfactory”

The bank provides an adequate level of community development services.

Several of the bank’s senior officers provide community services to various businesses and nonprofit organizations within the Korean-American community. The following groups are examples of the organizations to which Woori’s personnel provide financial expertise:

- Asian American Federation of New York
- The Korean-American Association of Greater New York
- The Korean-American League for Civic Action
- The Korean Chamber of Commerce and Industry in the USA
- The Korean-American Chamber of Commerce of New York

Additionally, the bank participated in the exhibit, exposition and conference hosted by LaGuardia Small Business Development Center and the Korean Dry Cleaners Association. The event centered on educating the cleaners about new regulations in New York State and gave participants an opportunity to receive financing and other resources to stabilize their businesses.

Furthermore, bank officers appeared as guests on a radio program hosted by Radio Seoul and answered general financial questions called in by listeners.

IV. Discrimination or Other Illegal Practices

Any practices intended to discourage applications for types of credit set forth in the banking institution’s CRA Public File.

There were no practices noted that were intended to discourage applications for the types of credit offered by the institution.

Evidence of prohibited discriminatory or other illegal credit practices.

The most recent regulatory compliance examination, conducted concurrently with this CRA performance evaluation, indicates a satisfactory performance in terms of adherence to anti-discrimination and/or other applicable laws and regulations. There was no evidence of prohibited discriminatory or other illegal credit practices.

V. Process Factors

Activities conducted by the banking institution to ascertain the credit needs of its community, including the extent of the banking institution’s efforts to communicate with members of its community regarding the credit services being provided by the banking institution.

Woori ascertains the credit needs of its community through constant outreach by its officers

with present and prospective customers. In addition, bank personnel participate with community and not-for-profit organizations, as well as with government agencies, to ascertain local credit needs. Some of the organizations that Woori staff members have worked with include Neighborhood Housing Services of New York, the Korean Association of New York, the Korean-American Senior Citizens Society of Greater New York, Community Preservation Corporation and Habitat for Humanity of New York.

The extent of the banking institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the banking institution.

Woori's marketing and special credit-related efforts continue to focus on the Korean-American community. The bank advertises in newspapers such as the *Korea Central Daily News* and the *Sunday Korea Times*. The bank also has advertised on Radio Seoul WZRC-AM and on Korean cable television shows.

The extent of participation by the banking institution's board of directors in formulating the banking institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

The board of directors establishes all policies and procedures, and oversees the implementation thereof by management.

The bank has a designated compliance officer who oversees the entire CRA program. While written bank policy requires this officer to report to the board of directors on a quarterly basis, as a matter of practice the CRA officer reports in monthly. In addition, each office has a designated Assistant CRA Officer who helps maintain CRA compliance.

VI. Other Factors

Other factors that in the judgement of the Superintendent and Banking Board, bear upon the extent to which a banking institution is helping to meet the credit needs of its entire community.

None noted.

GLOSSARY

Aggregate

The cumulative lending by all HMDA-reporting lenders in the same geographic area under evaluation.

Community Development

The term “community development” is defined to mean:

1. Affordable housing (including multifamily housing) for low- or moderate-income (“LMI”) individuals;
2. Community services targeted to LMI individuals;
3. Activities that promote economic development by financing business or farms that meet the size eligibility standards of the United States Small Business Administration (“SBA”) Development Company or Small Business Investment Company programs, or have gross annual incomes of \$1 million or less;
4. Activities that revitalize or stabilize LMI geographies; and
5. Activities that seek to prevent defaults and/or foreclosures in loans included in (1) and (3), above.

A “community development loan” is defined as a loan that has as its *primary purpose* community development. This includes but is not limited to loans to:

- Borrowers for affordable housing rehabilitation and construction, including construction and permanent financing for multifamily rental property serving low or moderate income (“LMI”) persons;
- Nonprofit organizations serving primarily LMI or other community development needs;
- Borrowers to construct or rehabilitate community facilities that are located in LMI areas or that primarily serve LMI individuals;
- Financial intermediaries including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds or pools, micro-finance institutions, and low-income or community development credit unions that primarily lend or facilitate lending to promote community development;
- Local, state and tribal governments for community development activities; and
- Borrowers to finance environmental clean-up or redevelopment of an industrial site as part of an effort to revitalize the LMI community in which the property is located.

A “qualified investment” is defined as a lawful investment, deposit, membership share or grant that has as its *primary purpose* community development. This includes but is not limited to investments, deposits, membership shares or grants in or to:

- Financial intermediaries (including community development financial institutions, community development corporations, minority- and women-owned financial institutions, community loan funds, micro-finance institutions and low-income or community development credit unions) that primarily lend or facilitate lending in LMI areas or to LMI individuals in order to promote community development;

- Organizations engaged in affordable housing rehabilitation and construction;
- Organizations, including, for example, small business investment corporations that promote economic development by financing small businesses;
- Facilities that promote community development in LMI areas or LMI individuals, such as youth programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers;
- Projects eligible for low-income housing tax credits;
- State and municipal obligations, such as revenue bonds that specifically support affordable housing or other community development needs;
- Organizations serving LMI housing or other community development needs, such as counseling for credit, home ownership, home maintenance, and other financial services education; and
- Organizations supporting activities essential to the capacity of LMI individuals or geographies to utilize credit to sustain economic development, such as day care operations and job training programs that facilitate access to permanent jobs.

A “community development service” is defined as a service that has as its *primary purpose* community development, is related to the provision of financial services, and has not been considered in the evaluation of the banking institution's retail banking services. This includes but is not limited to:

- Providing technical assistance on financial matters to nonprofit, tribal or government organizations serving LMI housing or economic revitalization and development needs;
- Providing technical assistance on financial matters to small businesses or community development organizations;
- Lending employees to provide financial services for organizations facilitating affordable housing construction and rehabilitation or development of affordable housing;
- Providing credit counseling, home buyers and home maintenance counseling, financial planning or other financial services education to promote community development and affordable housing;
- Establishing school savings programs for LMI individuals;
- Providing seminars for LMI persons on banking and bank account record-keeping;
- Making ATM “Training Machines” available for extended periods at LMI community sites or at community facilities that serve LMI individuals; and
- Technical assistance activities to community development organizations such as:
 - ❖ Serving on a loan review committee;
 - ❖ Developing loan application and underwriting standards;
 - ❖ Developing loan processing systems;
 - ❖ Developing secondary market vehicles or programs;
 - ❖ Assisting in marketing financial services, including the development of advertising and promotions, publications, workshops and conferences;
 - ❖ Furnishing financial services training for staff and management;
 - ❖ Contributing accounting/bookkeeping services; and
 - ❖ Assisting in fund raising, including soliciting or arranging investments.

Demand-Adjusted Penetration Rate

The number of owner-occupied loans made by the institution (or aggregate as appropriate) in a geographic area per thousand owner-occupied housing units in that area. Mathematically, it is arrived at by dividing the number of owner-occupied housing units into the number of loans made and then multiplying by 1,000.

Demand-Adjusted Penetration Ratio

A ratio that depicts geographic penetration of loans by comparing demand-adjusted lending in LMI areas with non-LMI areas. Mathematically, it is arrived at by dividing the demand-adjusted penetration rate in non-LMI areas into the demand-adjusted penetration rate in LMI areas and then expressed as a percentage.

A ratio of 100% means that the institution (or aggregate as appropriate) made an equal number of loans proportionally in LMI and non-LMI areas. Less than 100 percent would indicate less lending in LMI areas on the same basis compared to non-LMI areas, whereas over 100 percent would indicate a greater level of lending in LMI areas versus non-LMI areas.

Home Mortgage Disclosure Act (“HMDA”)

The Home Mortgage Disclosure Act, enacted by Congress in 1975, and subsequently amended, requires institutions to annually report data about applications for residential (including multifamily) financing.

Loans to Small Businesses

Small business loans to businesses with gross annual revenues of \$1 million or less.

Low or Moderate Income (“LMI”) Geographies

Those census tracts or block numbering areas (“BNAs”), where according to the 1990 US Census, the median family income is less than 80% of the area median family income. In the case of tracted areas that are part of a Metropolitan Statistical Area (“MSA”) or Primary Metropolitan Statistical Area (“PMSA”), this would relate to the median family income for the MSA or PMSA in which the census tracts are located. In the case of BNAs and tracted areas that are not part of a MSA or PMSA, the area median family income would be the statewide non-metropolitan median family income.

LMI Borrowers

Borrowers whose income, as reported on the loan application which the lender relied upon in making the credit decision, is less than 80% of the area median family income. In the case where the residential property is located in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure borrower income levels are updated annually by the U.S. Department of Housing and Urban Development (“HUD”).

LMI Individuals/Persons

Those individuals, whose income is less than 80% of the area median family income. In the case where the individual resides in a MSA or PMSA, this would relate to the median family income for that MSA or PMSA. Otherwise, the area median family income would be the statewide non-metropolitan median family income. In all instances, the area median family incomes used to measure individual income levels are updated annually by HUD.

Small Business Loans

Loans to businesses with original amounts of \$1 million or less.