

PUBLIC DISCLOSURE

January 8, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CTBC Bank Corporation (USA)
Certificate Number: 19416

801 South Figueroa Street, Suite 2300
Los Angeles, California 90017

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
San Francisco Regional Office

25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION RATING

INSTITUTION’S COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution is rated **Needs to Improve**. An institution in this group needs to improve its overall record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			
Low Satisfactory		X	X
Needs to Improve	X		
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

CTBC Bank Corporation (USA)’s (CTBC) CRA performance under the Lending, Investment, and Service Tests supports the overall CRA Rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize CTBC’s Lending, Investment, and Service Test performance:

The Lending Test is rated Needs to Improve.

- Lending levels reflect adequate responsiveness to AA credit needs.
- An adequate percentage of loans is made in the institution’s AAs.
- The geographic distribution of loans reflects poor penetration throughout the AAs.
- The distribution of borrowers reflects, given the product lines offered by the institution, a very poor penetration among retail customers of different income levels and business customers of different sizes.
- The institution exhibits a very poor record of serving the credit needs of the most economically disadvantaged areas of its AAs, low-income individuals, and very small businesses, consistent with safe and sound banking practices.

- The institution has made a low level of community development (CD) loans.
- The institution makes limited use of innovative and flexible lending practices in order to serve AA credit needs.

The Investment Test is rated: Low Satisfactory.

- The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits adequate responsiveness to credit and CD needs.
- The institution rarely uses innovative and/or complex investments to support CD initiatives.

The Service Test is rated: Low Satisfactory.

- Delivery systems are reasonably accessible to essentially all portions of the institution's AAs.
- The bank did not open or close any branches during the evaluation period; therefore, this criterion did not affect the Service Test rating.
- Services (including, where appropriate, business hours) do not vary in a way that inconveniences certain portions of the AAs, particularly LMI geographies and/or individuals.
- The institution provides an adequate level of CD services.

INVESTMENT TEST

CTBC is rated Low Satisfactory in the Investment Test.

Investment and Grant Activity

CTBC has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those not routinely provided by private investors. The bank's performance exhibited adequate responsiveness to credit and CD needs, based on the opportunities for such investments in the AA. CTBC rarely uses innovative and/or complex investments to support CD initiatives.

The combined CD investments, both new and remaining from the prior period, total approximately \$36.7 million. This dollar amount represents 1.2 percent of average total assets, 8.5 percent of average total equity capital, and 13.7 percent of average total investments, since the previous evaluation. These ratios are slightly higher than the previous PE's ratios of 1.0 percent of total assets and 5.7 percent of total equity capital. This total includes new qualified investments of approximately \$20.2 million and qualified prior-period investments of \$16.5 million. Examiners noted that CTBC's CD investments increased from approximately \$6.0 million to \$16.9 million on an annualized basis, representing an increase of 181.1 percent since the prior PE.

The bank's new investments include seven mortgage-backed securities, three deposits in community development financial institutions (CDFIs), and **two new allocations within an existing nationwide SBA loan fund.** The following table presents a breakdown of the qualified investments by AA and CD type.

Qualified Investments												
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Los Angeles	7	10,528	0	0	0	0	3	735	0	0	10	11,263
Northern California	3	5,171	0	0	0	0	0	0	0	0	3	5,171
New York	20	991	0	0	0	0	0	0	0	0	20	991
Middlesex	1	1,204	0	0	0	0	0	0	0	0	1	1,204
Regional Activities	1	558	0	0	0	0	0	0	0	0	1	558
Nationwide Activities	0	0	0	0	6	17,500	0	0	0	0	6	17,500
Total	32	18,452	0	0	6	17,500	3	735	0	0	41	36,687

Source: Bank Records

Qualified equity investments primarily consist of a nationwide SBA loan funds earmarked for CBTC's AAs, 11 mortgage-backed securities (MBSs), and a California statewide low-income housing tax credit (LIHTC). Listed below are the bank's nationwide and regional CD investment activities.

- In 2017, CTBC allocated \$5.0 million into an existing SBA loan fund. The loan fund promotes permanent job creation, retention, and/or improvement in LMI areas or to LMI individuals who are employed by small businesses. CTBC's investment funds small businesses specifically located within the Los Angeles, Northern California, New York, and Middlesex AAs. During the evaluation period, the bank's investment funded approximately 55 CD loans and supported over 1,000 jobs. In total, the bank holds \$17.5 million within the fund.
- The bank continues to hold a LIHTC with an outstanding amount of \$558,222. The LIHTC consists of 6 properties totaling 682 affordable housing units throughout the state of California. Of the 682 units, 15.8 percent are located in the Los Angeles AA, 29.3 percent are located in the Northern California AA, and the remaining 54.9 percent are located in the California Central Valley area.

CTBC made 49 donations to various CD organizations throughout the CAA totaling \$498,000. The bank's dollar volume of donations increased substantially since the previous PE where the bank contributed 78 donations for \$393,177. On an annualized basis, CTBC's increase in dollar volume of donations is even greater at 119.0 percent. The following table lists the bank's donations by AA and CD type.

Community Development Donations												
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Neighborhood Stabilization		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Los Angeles	4	13	23	394	8	43	0	0	0	0	35	450
Northern California	2	8	4	11	0	0	0	0	0	0	6	19
New York	6	21	0	0	0	0	0	0	0	0	6	21
New Jersey	0	0	2	8	0	0	0	0	0	0	2	8
Total	12	42	29	413	8	43	0	0	0	0	49	498

Source: Bank Records

Refer to the individual AA sections for descriptions of notable CD donation activity.