

Comptroller of the Currency
Administrator of National Banks

Northeastern District

1114 Avenue of the Americas, Suite 3900
New York, New York 10036

PUBLIC DISCLOSURE

February 23, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Treasury Bank, LTD.
Charter Number 21213

1155 15th Street NW - Suite 515
Washington, D.C. 20036

Office of the Comptroller of the Currency
1025 Connecticut Avenue, NW - Suite 708
Washington, D.C. 20036

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

GENERAL INFORMATION

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

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Treasury Bank, LTD. prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of February 23, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

INSTITUTION'S CRA RATING: This institution is rated "**SATISFACTORY**".

The primary factors supporting the bank's overall rating include:

- o The loan-to-deposit ratio is reasonable, averaging 66% for the period under review in comparison to 68% for similarly situated financial institutions.
- o A majority of all loans are in the bank's assessment area, representing 76% of the number and 70% of the dollar amount of 1997 originations.
- o The distribution of borrowers reflects a less than desirable penetration among individuals of different income levels. Loans to low- and moderate- income individuals represents 18% compared to the family income characteristics of the assessment area which represent 34%.
- o The geographic distribution of loans reflects reasonable dispersion throughout the assessment area, with 29% of the number of loans in low- and moderate- income census tracts.

The following table indicates the performance level of **Treasury Bank, LTD.** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	TREASURY BANK, LTD PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loans to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes			X
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

Treasury Bank, LTD. (TBL) is primarily an investment banking entity chartered under D.C. law. Federal law requires that all D.C. banks be regulated by a government agency. In August 1990, the Office of the Comptroller of the Currency (OCC) issued a charter to TBL permitting the bank to provide those services typically associated with a financial institution. An operating agreement with the OCC requires all examinations be conducted by the agency. As of December 31, 1997, total assets were \$79 million, gross loans were \$47 million, and total deposits were \$71 million. The loan portfolio consists entirely of residential real estate mortgage loans and home equity lines of credit. In August 1995, TBL began to originate these loans using the services of a mortgage broker and the majority of the bank's portfolio continues to be obtained in this manner. However, in June 1997, TBL began originating home equity lines of credit (HELOC) internally, totaling approximately 35% of the HELOC portfolio as of December 31, 1997.

There is strong competition from other community banks, regional banks, thrifts, credit unions and non-financial institutions which have many offices in the locality. These organizations provide a full range of loan/deposit products and services. As such, TBL offers limited products at its only location in Washington, D.C. TBL has no impediments, legal or otherwise, which would hinder its ability to help meet the credit needs of the bank's assessment area.

DESCRIPTION OF ASSESSMENT AREA

TBL has defined its assessment area as the entire Washington/Baltimore MSA. This includes the District of Columbia (D.C.), the counties of Prince George's and Montgomery in Maryland and the counties of Fairfax and Arlington in Northern Virginia. The assessment area complies with CRA and does not arbitrarily exclude low- or moderate- income census tracts. Based on 1990 Census information, the area population is approximately 3.1 million with an updated (1995) median family income of \$69,980. The low- and moderate- income population estimates 1.3 million, or 42%. The demographics and characteristics of the assessment area reflects the following:

Census Tract Characteristics

Family Income Characteristics

<u>Tract Type</u>	<u>Number</u>	<u>Percent</u>	<u>Level of Income</u>	<u>Percent</u>
Low	58	8%	Low Income	17%
Moderate	167	22%	Moderate Income	17%
Middle	292	38%	Middle Income	24%
Upper	215	28%	Upper Income	42%
<u>NA</u>	<u>34</u>	<u>4%</u>	Total	100%
Total	766	100%		

The assessment area is comprised of various government entities, retail/commercial businesses, and single/multifamily housing. The area economy is considered stable. The major employer is the federal government. Management and the Board continue to identify the primary credit need within the bank's assessment area as affordable housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-To-Deposit Ratio

TBL's loan-to-deposit ratio is reasonable, indicating a commitment in helping to meet the credit needs of the bank's assessment area. We reviewed the recent eight quarters since the last CRA examination. Our results reflect TBL's loan-to-deposit ratio averaged 66% during this period in comparison to the 68% average during the same interval for similarly situated financial institutions. The ratio reflects a significant increase since the CRA review performed February 15, 1996 when it only averaged 33%, with a year end 1995 ratio of 59%.

Lending In Assessment Area

A majority of all loan originations are within TBL's assessment area. We tested and relied on management reports for 1997. Based on our analysis, 76% of the number and 70% of the dollar amount of loans are located within the assessment area.

Lending To Borrowers of Different Incomes and Businesses of Different Sizes

The distribution of borrowers reflects a less than desirable penetration among individuals of different income levels. We tested and relied on management reports for 1997. Based on our analysis, 10% and 8% of the number of loans were made to low- and moderate- income individuals, respectively. These percentages compare less favorably to the family income characteristics noted in the table under *Description of Assessment Area* above. As indicated in the *Description of Institution* section of this Public Evaluation, TBL has chosen to offer limited products and as such, does not serve as many low- and moderate- income customers as a full service financial institution.

Geographic Distribution Of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. We tested and relied on management reports for 1997. Based on our analysis, 7% and 22% of the number of loans were made in low- and moderate- income census tracts, respectively. These percentages reasonably compare to the census tract characteristics noted in the table under *Description of Assessment Area* above.

Response To Complaints

No complaints were received since the prior examination.

Compliance With Antidiscrimination Laws

No substantive violations involving illegal discrimination or discouragement were noted during the concurrent Fair Lending examination.