



**Comptroller of the Currency
Administrator of National Banks**

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PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**National American Bank
Charter Number 18095
520 Montgomery St.
San Francisco, California 94111
December 18, 1997**

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 **National American Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of November 30, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated “**Satisfactory.**”

CRA performance is rated “Satisfactory.” We based this evaluation on the following factors: (1) a reasonable loan-to-deposit ratio; (2) a majority of the bank’s lending is within its assessment area; (3) highly satisfactory distribution of loans among businesses of different sizes and fair distribution to individuals of different income levels; and (4) an excellent geographic distribution of loans within the bank’s assessment area.

The following table indicates the performance level of **National American Bank (NAB)** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution -Loans	X		
Response to Complaints	N/A		

DESCRIPTION OF INSTITUTION:

National American Bank (NAB), formed in February 1984, is primarily owned by Chinese American shareholders. It has three banking offices, all within the City of San Francisco. The main office is in the Financial District, a branch is on Clement Street and another is located on Noriega Street. As of September 30, 1997, total assets are **\$44** million, total loans outstanding are **\$25** million and total deposits are **\$39** million. The following table shows the approximate breakdown of the bank's loan outstandings as of September 30, 1997.

Loan Type as of 9/30/97	\$	%
Comm'l Real Estate	17.5 million	70%
1 - 4 Family Residential	3.0 million	12%
Commercial & Industrial	2.0 million	8%
Construction	1.0 million	4%
Individual/Installment	.5 million	2%
Others	1.0 million	4%
Total Loans	25.0 million	100%

The bank's lending is centered in commercial real estate loans. The bank makes a small number of residential mortgages and consumer loans, mainly as an accommodation to existing customers. The bank's loans, as of our review date, are granted mainly to investors in small income properties. While the bank's marketing efforts have increased from its initial focus on Chinese Americans to the wider community, its customer base remains concentrated in the Chinese American community.

The bank competes with several large banks and branches of regional banks situated within its assessment area. In the last twelve months, NAB went through significant changes in its senior management team, particularly in the lending area. As such, the bank's efforts focused on searching for and retaining qualified management. A new chief executive officer and a senior loan officer have been hired. We are not aware of any other impediments restricting the bank's ability to meet the credit needs of its assessment area.

NAB received a Satisfactory rating in its prior CRA evaluation in 1995.

DESCRIPTION OF THE ASSESSMENT AREA:

National American Bank (NAB) defines its assessment area (AA) as the City and County of San Francisco. San Francisco is a port city situated on the northern tip of a peninsula bordered by the Pacific Ocean, the Golden Gate, and San Francisco Bay on the West, north, and east respectively.

The city of San Francisco Metropolitan Statistical Area (MSA) contains 152 census tracts. According to 1990 Census Data, the population of San Francisco is 723,959, with a median family income of \$49,282 and a median housing value of \$319,708. Seventy-one percent the population resides in the moderate and middle income tracts. The following table shows the number and percent of census tracts by income level and the population within those census tracts.

Distribution of San Francisco MSA Population and Census Tracts			
	# of Census Tracts	% of All Census Tracts	% of Population within Tracts
Low Income	26	17%	14%
Moderate Income	41	27%	28%
Middle Income	58	38%	44%
Upper Income	27	18%	14%
Total	152	100%	100%

San Francisco serves as the retail and employment hub of the greater Bay Area. Four major sectors account for approximately 88% of all jobs within San Francisco: 46% services and government, 14% finance, insurance and real estate, 20% wholesale and retail trade, and 8% communication, utilities and transportation. As a major international city and gateway to the Pacific Rim, San Francisco hosts approximately 65 foreign consulates. Foreign and domestic tourism is a significant factor in the important hotel, restaurant and retail trade.

Overall, San Francisco is almost completely urbanized and most remaining land has been developed. Thus, San Francisco remains a high rent and high cost area. Approximately 64% of all residential units are renter occupied. Of the total housing units, 17% have rents costing more than 30% of income. The labor force is

predominately young, professional, well-paid, well educated, and single compared with the national average. The median age of the population is 35.3 years and the median family income is \$64,400 according to figures updated to 1996 by the Department of Housing and Urban Development, which is significantly above the national average.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio:

- **NAB’s loan-to-deposit ratio is reasonable compared to peer group averages, and given the bank's size, financial condition, and the competitive environment.**

The bank’s net loans and leases divided by total deposits averaged 70% between December 30, 1995 and September 30, 1997. This is slightly above its peer group’s average of 67%. NAB’s peer group consists of seven other community banks that have total assets less than \$100 Million doing business within the bank’s assessment area. Below shows the loan-to-deposit comparison for September 30, 1997 and the eight-quarter average.

Loan to Deposit Ratio of NAB and its Peers								
Bank	NAB	Peer 1	Peer 2	Peer 3	Peer 4	Peer 5	Peer 6	Peer 7
9/30/97	64.0	70.9	70.4	71.4	47.6	69.7	72.6	58.9
8 weeks average	70.0	65.5	63.8	71.4	57.3	67.7	76.5	63.4
Group's average	67							

Lending in the Assessment Area:

- **A majority of loans are made within the bank's assessment area.**

During 1997, NAB made a majority of its new loan originations within its assessment area, both by number and dollar amount. The following table reflects the bank’s lending pattern within its assessment area for one year through December 1, 1997 and the bank’s total loan portfolio.

Lending Inside & Outside								
Originations 12/1/96 to 12/1/97					Total loans as of 12/1/97			
	# of Loans	#%	\$ of Loans (000s)	%	# of Loans	# %	\$ of Loans (000s)	\$ %
Inside	15	67%	\$4,483	83%	82	76.6%	\$22,892	82.2%
Outside	5	33%	\$ 917	17%	25	23.4%	\$4,950	17.8%
Total	20	100%	\$5,400	100%	107	100.0%	\$27,842	100%

Lending to Businesses of Different Sizes and Borrowers of Different Incomes:

- **Given the demographics of the area, NAB’s lending reflects a reasonable penetration among businesses of different sizes and a fair distribution among borrowers of different income levels.**

The bank’s business loans are reasonably distributed among businesses of different sizes. NAB’s primary focus is on commercial real estate loans. Thus, our analysis of the bank’s lending performance gives the most weight to this loan category. Small business or farms are defined as entities which generate less than \$1million in annual gross revenues. The majority of NAB’s business loans are to fund the acquisition of commercial real estate by groups of individual investors. We used the revenue generated by the property to identify small business loans.

Of the twenty new loan originations NAB made between December 1, 1996 and December 1, 1997, ten or 50% were business loans made within the bank’s assessment area. While the business loan amounts were primarily \$500 thousand and above and thus, atypical of the type of financing necessary for small businesses, the amounts are normal for income property loans in San Francisco. The table below shows how these loans were dispersed among businesses of different sizes.

Distribution of Business Loans Made Between 12/1/96 & 12/1/97		
Business Size	Revenues <\$1MM	Revenues >\$1MM
% of # loans	80%	20%
% of \$ loans	82%	18%
Distribution of small business per Dun & Bradstreet	74%	16%

The bank’s consumer loan originations reflect a fair penetration among borrowers of different income levels. The following table shows the distribution of the five consumer loans the bank made in the last year among individuals of different income levels. The table also contains the comparable distribution of families by income level.

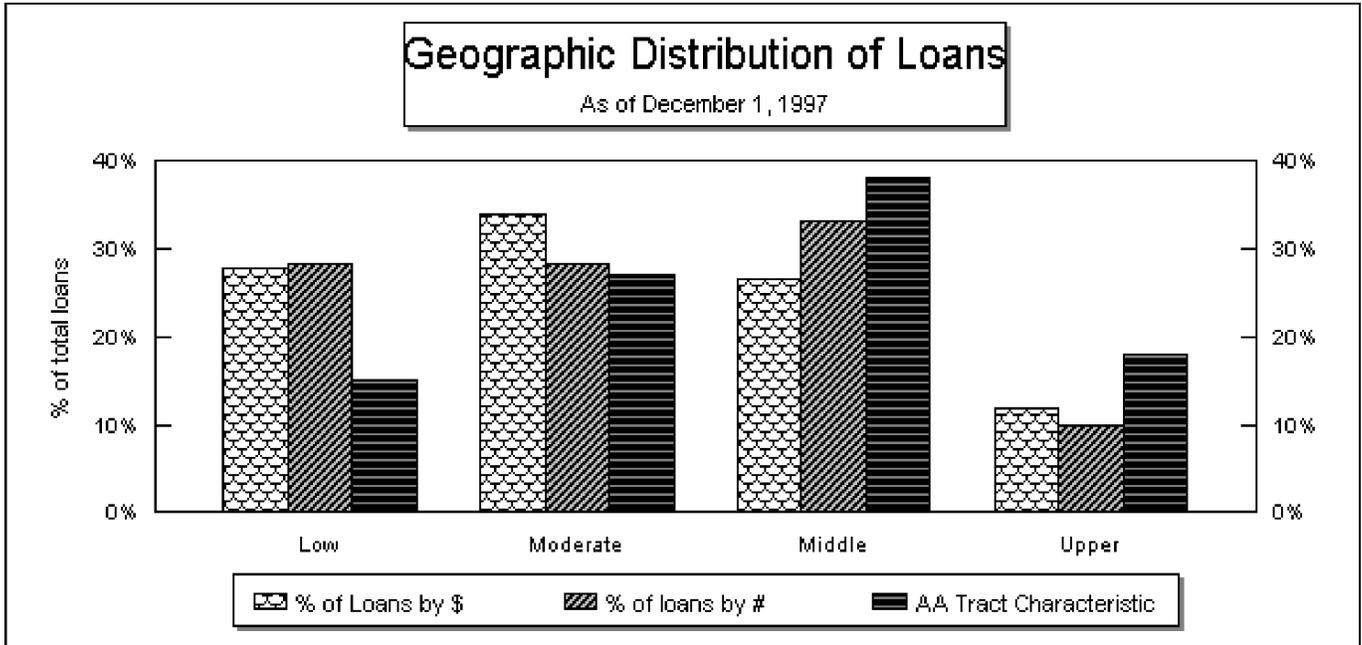
Distribution of Consumer Loans Made Between 12/1/96 & 12/1/97				
Borrower Income Level	Low	Moderate	Middle	Upper
% of # loans	40%	0%	0%	60%
% of \$ loans	20%	0%	0%	80%
% Families per income level	28%	21%	21%	30%

The bank’s only Home Mortgage Disclosure Act (HMDA) reportable loan made during the period reviewed was outside the assessment area.

Geographic Distribution of Loans:

- **The geographic distribution of loans reflects an excellent dispersion throughout the NAB’s assessment area.**

The graph above illustrates the excellent dispersion of the bank’s total loans outstanding among census tracts of different income levels in the assessment area.



Response to Complaints:

Management has not received any complaints from its community regarding the bank's CRA performance since the last CRA evaluation conducted in 1995.

Other Items:

The bank is in compliance with anti-discrimination laws and regulations. There was no evidence in our Fair Lending Examination to indicate any discrimination against protected classes.