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

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## **PUBLIC DISCLOSURE**

**JULY 7, 1997**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**PACIFIC WESTERN NATIONAL BANK  
Charter Number 16912**

**8810 E. WHITTIER BOULEVARD  
PICO RIVERA, CA 90660**

<p><b>NOTE:</b> 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.</p>
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## 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 **PACIFIC WESTERN NATIONAL BANK** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **July 7, 1997**. 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.**”

- Pacific Western National Bank’s (PWNB) loans are reasonably distributed among borrowers of different income levels and businesses of different sizes.
- The bank’s loans are dispersed among all geographies (census tracts) throughout the assessment area.
- A majority of the bank’s loans are within the assessment area.
- PWNB’s lending activity, as evidenced by its loan-to-deposit ratio, meets the standards for satisfactory performance.

## **DESCRIPTION OF INSTITUTION:**

PWNB is a three-office community bank with headquarters and main branch offices located 11 miles southeast of downtown Los Angeles in Pico Rivera, CA. As of March 31, 1997, total bank assets were \$98 million, with loans of \$64 million. PWNB commenced operations under a national charter on January 10, 1980. Branch offices are located in Downey and West Covina, CA. The Downey branch, located twelve miles southeast of downtown Los Angeles, was opened in January, 1984. The West Covina branch, located nineteen miles east of Los Angeles, was added in November, 1992. Automated Teller Machines (ATMs) are located at all branch offices. Customers have access to ATMs linked to the Star, Cirrus and Plus systems. The bank is owned by over 200 individual shareholders. The bank enjoys a history of sustained profitability and capital remains well above regulatory requirements.

The bank's overall condition is satisfactory and no financial or legal impediments exist which alter the bank's ability to meet the credit needs of its assessment area. Management's efforts to meet the credit needs of its community focus on small businesses, consumers, and contractors engaged in building entry-level single family residences and 1-4 multi-family units. The majority of loans originated by the bank are commercial loans to small and medium-size businesses primarily secured by real estate. Consumer loans are largely comprised of indirect auto and mobile home paper purchased from dealers throughout the greater Los Angeles area. Construction loans are to small and medium-size builders. As of March 31, 1997, the dollar volume of the loan portfolio consisted of 59 percent business loans, 35 percent consumer, 5 percent real estate construction, and 1 percent other loans.

Competition within the bank's assessment area is intense and includes other community banks, thrifts, mortgage brokers, credit unions, insurance companies, brokerage companies, and branches of multinational and regional banks.

## **DESCRIPTION OF PWNB's ASSESSMENT AREA (AA):**

The bank has designated the entire Los Angeles County Metropolitan Statistical Area (LAMSA) as its AA. The LAMSA includes all of Los Angeles County and encompasses over 4,000 square miles. The AA includes all 1652 census tracts. The county has 81 incorporated cities, and many additional unincorporated communities. The cities in which the bank's branch offices are located comprise a relatively small portion of the LAMSA. The bank does not arbitrarily exclude low- or moderate-income geographies. Based on 1990 census data, the population of the LAMSA is approximately 8,863,164, and the median family income is \$39 thousand. The following table shows the distribution of income within the various census tracts included within the bank's AA.

### Income Distribution of Assessment Area Census Tracts

<b>Income Level of Tracts within Bank's AA</b>	<b>Number of Tracts by Income</b>	<b>% of Total Assessment Area</b>	<b>Number of Households by income</b>	<b>% of Total Assessment Area</b>
<b>Low-income</b>	147	9%	232,574	8%
<b>Moderate-income</b>	377	23%	683,362	23%
<b>Middle-income</b>	544	33%	1,053,370	35%
<b>Upper-income</b>	565	34%	1,024,801	34%
<b>Not reported</b>	19	1%	236	0%
<b>Total</b>	1652	100%	2,994,343	100%

The primary industries in the assessment area are defense, aerospace research, manufacturing, government, tourism, retail, entertainment, and related service industries. The economic recession in the early 1990's coupled with the reduction in defense spending, and a soft real estate market has negatively impacted the AA in the immediate area of the bank's branch locations. The service and retail sectors of the economy have replaced manufacturing as the primary employer. Real estate values have now stabilized and new home construction is beginning at a moderate pace. The economy in general is slowly gaining strength.

As part of this examination, we considered information obtained from four community contacts. The general feedback indicates need for loans to existing and start up small businesses, funding for entry-level housing, and consumer loans to low- and moderate-income families.

#### **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :**

Our conclusions are based on the bank's lending activity from January 1, 1996, through December 31, 1996.

#### **LENDING TO BORROWERS OF DIFFERENT INCOMES AND BUSINESSES OF DIFFERENT SIZES:**

The bank's loans are reasonably distributed among borrowers of various income levels and businesses of different sizes within the assessment area. The bank's primary loan products are loans to small and medium-size businesses and consumer loans originated directly and through purchase of retail contracts. During 1996, the bank originated 57 business loans and 399 consumer loans within the AA to borrowers of various income levels. The following table shows that 67 percent of business loans by number and 69 percent by dollar volume were made to businesses with annual gross revenues of less than \$1 million.

**Business Loans by Revenue Within the Bank's Assessment Area**

<b>Revenue Type</b>	<b># Loans</b>	<b>% of Total (#)</b>	<b>\$ Loans (000)</b>	<b>% of Total \$</b>
<b>&lt; or equal to \$1 million (small business)</b>	38	67%	\$13,700	69%
<b>&gt; \$1 million (large business)</b>	19	33%	6,035	31%
<b>Total</b>	57	100%	\$19,735	100%

Business loans include loans in enterprise zones and construction loans for low- and moderate-income first time home buyers through the Community Redevelopment Agencies of four cities within the bank's AA. In addition, the bank provided similar financing to assist the Community Redevelopment Agency of Oxnard, CA.

The following table reflects the distribution of a sample of 15 percent of the total consumer loans originated in 1996 within the bank's AA. The table shows that of the consumer loans sampled, 69 percent by number and 68 percent by dollar volume were made to low- and moderate-income individuals. This percentage compares favorably to all low- and moderate-income households in the AA of 32 percent.

**Consumer Loans by Income Level Within the Bank's Assessment Area (Sample)**

<b>Income Level</b>	<b>% of Total Households</b>	<b># Loans</b>	<b>% of Total (#)</b>	<b>Loans (000's)</b>	<b>% of Total (\$)</b>
<b>Low</b>	8%	13	22%	\$136,017	18%
<b>Moderate</b>	23%	27	47%	378,004	50%
<b>Middle</b>	35%	6	10%	72,838	10%
<b>Upper</b>	34%	12	21%	163,517	22%
<b>Total</b>	100%	58	100%	\$750,376	100%

**GEOGRAPHIC DISTRIBUTION OF LOANS:**

The bank’s loans are dispersed among all geographies throughout the AA. However, there are conspicuous gaps in the bank’s penetration. There are pockets of geographies where the bank does not have any loans. The bank’s retail lending products are generated by indirect contracts obtained through dealerships. The majority of the loans are in areas surrounding the dealerships, which creates pockets in other areas where the bank does not have loans. The pockets exist across all geographies.

**Distribution by Number of Loans within Assessment Area**

<b>Income Characteristics of Census Tracts</b>	<b>Total Number of Census Tracts in Bank’s AA</b>	<b>Number of Census Tracts with Loans</b>	<b>Percentage of Census Tracts with Loans</b>
<b>Low-income</b>	147	23	16%
<b>Moderate-income</b>	377	82	22%
<b>Middle-income</b>	544	112	20%
<b>Upper-income</b>	565	83	15%
<b>Not Reported</b>	19	0	0%
<b>Total</b>	1652	300	18%

**LENDING IN THE ASSESSMENT AREA:**

PWNB’s record of lending within its assessment area meets the standard for satisfactory performance. The majority of PWNB’s loans were made to borrowers within the assessment area. The following table shows that 77 percent of the number of loans, and 84 percent of the dollars were extended within the AA. The large geographical area comprising the AA is a major factor contributing to the high percentage of loans made within the AA.

**Loans Made within Assessment Area**

<b>Total Loans by Number and Dollar Amount</b>	<b>Total Loans Made Within the Assessment Area</b>	<b>Percent of Total Loans Made Within the Assessment Area</b>
<b>590</b>	456	77%
<b>\$29,748,820</b>	\$24,975,356	84%

**LOAN TO DEPOSIT RATIO:**

PWNB's loan-to-deposit ratio meets the standard for satisfactory performance. The bank's average loan-to-deposit ratio for the eight quarters ended March 31, 1997, was 77 percent. This ratio compares favorably to thirteen banks and thrifts of similar size located in the trade areas in which the bank's branch offices are located. The average loan-to-deposit ratio for the same period for the thirteen comparable banks was 68 percent.

**RESPONSE TO COMPLAINTS:**

There were no complaints associated with the bank's performance under the provisions of the CRA since our last examination.

**RECORD OF COMPLIANCE WITH ANTI-DISCRIMINATION LAWS:**

The bank's compliance with the anti-discriminatory laws and regulations is satisfactory. At this examination we also performed a fair lending examination, and found no evidence of any prohibited or discriminatory practices.