



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Northern Trust Bank of California, N.A.
Charter Number 17751

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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.

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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 the 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 **Northern Trust Bank of California, N.A.**, prepared by The Office of the Comptroller of the Currency (OCC), the institution's supervisory agency. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the bank's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Common definitions and terms used in this report

Community Development - means that the primary purpose of the loan, investment or service is for: affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low or moderate individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of 13 CFR 121.802 (a)(2) or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low or moderate income geographies.

Geography - a census tract or block numbering area delineated by the United States Bureau of the Census in the most recent decennial census (1990).

Low- and moderate-income (LMI) - refers to families with income that is less than 80% of the area median income. In the case of geographies, the average median income for the geography is less than 80% of the area median income. Area median income refers to the median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

MSA - means a metropolitan statistical area or a primary metropolitan statistical area as defined by the Director of the Office of Management and Budget.

Small Business Loan - a loan included in “loans to small businesses” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. Briefly, these include Commercial and Industrial loans that are less than or equal to \$1 million.

INSTITUTION'S RATING

This institution's CRA performance is rated Outstanding.

The major factors supporting this rating include the following points. These conclusions consider the performance context of Northern Trust Bank of California, N.A. (NTBCa).

- NTBCa's performance in response to the credit and banking needs in each of the defined assessment areas is very good. This conclusion is based on the bank's high volume of community development lending and investments compared to year-end 1996 equity capital and income.
- The bank responded to the specific needs of its communities by providing loans to small businesses and LMI individuals, and investing in or providing grants to community development corporations (CDCs) and organizations whose primary purpose is community development. Management also provided numerous hours of service to many community development organizations.
- The bank demonstrated leadership as one of the founders of two community development corporations.
- In addition to providing loans, investments, and services to community development organizations, management developed innovative and complex ways to participate in community development projects.
- The bank is in compliance with the fair lending laws and regulations tested. We did not note any discriminatory policies or practices.

DESCRIPTION OF THE INSTITUTION

Northern Trust Bank of California, N.A. (NTBCa) is a wholly owned subsidiary of Northern Trust Corporation which is headquartered in Chicago. NTBCa was established in 1988 to provide asset management and trust services in California. The bank originally opened offices in Santa Barbara, San Francisco, and Los Angeles. In 1990, the bank opened two more trust offices in Newport Beach and San Diego. In 1991, NTBCa acquired Tri Valley National Bank and consolidated this entity into its banking system. As a result of the consolidation, clients were able to receive both trust and banking services. In 1992, the bank increased its trust and asset management presence in California when it purchased a substantial portion of the trust business of Trust Services of America, Inc. In 1997, the bank established two new offices in La Jolla and in the Montecito area near Santa Barbara. NTBCa currently has eight banking offices in California. They are located in Los Angeles, Westwood, San Francisco, Santa Barbara, Newport Beach, San Diego, Montecito, and La Jolla.

The Northern Trust Banks are rated among the strongest in the United States. As of December 31, 1996, NTBCa had total trust assets of \$7.3 billion while the bank's retail assets were \$438 million. For 1996, trust income represented 63% of total revenues. Outstanding loans grew rapidly in 1996 by 63%. As of year-end 1996, real-estate loans comprised 92% of the portfolio, with commercial and individual loans totaling 8%.

As a result of its trust focus, the bank applied for a designation as a wholesale bank for the purpose of CRA evaluations. (A wholesale institution is one that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers unless it is incidental and is done as an accommodation to its customers.) The OCC approved this designation effective March 1, 1997. NTBCa has one ATM, a limited branch network, and a small lending staff. The bank does not actively use television, radio, and newspaper advertising. There are no signs in the bank's windows or billboards which advertise its services.

The bank's overall goal is to be recognized as the premier provider of highly personalized fiduciary and related services. The bank's Community Reinvestment Act (CRA) goals are to focus on providing community development lending, qualified investments, and community development services.

The bank operates in very competitive markets. There are numerous financial institutions which provide traditional retail banking services, including larger institutions which compete successfully for large community development projects. In 1995, there were 627 lenders originating home purchase and refinance loans in the bank's assessment areas (1995 Home Mortgage Disclosure Act, Market Share Report). The only similarly situated bank identified is U. S. Trust Company of California (USTCa). This wholesale bank has a similar focus, providing trust services. At year-end, USTCa had retail assets of \$369 million and trust assets under discretionary management of \$3.4 billion. USTCa serves a smaller market area with just two offices located in Los Angeles and Orange County (Costa Mesa).

NTBCa's deposit market share is quite small, representing just .8% for the combined assessment areas. The bank has a lending staff of 29 persons to serve five large assessment areas. The Los Angeles County offices have a staff of 10, Orange County has 5, San Diego County has 4, San Francisco County has 5, and Santa Barbara County has a staff of 5 persons.

The last CRA examination was June 29, 1995. Because the bank received a wholesale designation, we examined NTBCa using the community development test outlined in 12 CFR 25. The assessment period includes 1996 through the date of this evaluation.

Assessment Area Credit Needs:

We reviewed information from nine recent community contacts, and contacted two community development organizations during this examination. Our contacts and the bank's contacts with community groups indicate the following are the most significant banking and credit needs within the assessment areas:

- Affordable housing loans;
- Financing for homeless shelters;
- Small business loans;
- Loans to and investments in CDCs; and
- Education and technical assistance in the areas of business management and credit counseling.

NTBCa exhibited good responsiveness to credit and community development needs in each assessment area. This included lending, investments and services to organizations providing affordable housing loans, and assistance to the homeless. Direct affordable housing and small business loans are summarized in the **Overall Conclusion** comment. Loans and investments to CDCs and community development services are also detailed in that section.

DESCRIPTION OF THE ASSESSMENT AREAS

The bank has designated five very large assessment areas for CRA performance. These are based on the counties where the bank's offices are located, and include Los Angeles, Orange, Santa Barbara, San Diego, and San Francisco counties. The bank's assessment areas meet the requirements of the regulation, and do not arbitrarily exclude any low- and moderate-income (LMI) areas.

The chart below provides basic demographic information for each of the bank's assessment areas. Following the chart is a more detailed description of each community.

Community Demographics						
Assessment Area (County)	Population (000's) (1)	Median Family Income (000's) (2)	Number of Census Tracts	Percentage of LMI Census Tracts	Number of Owner Occupied Housing Units (000's)	Percentage of Owner Occupied Units in LMI Census Tracts
Los Angeles	8,863	\$39	1,652	32%	1,441	17%
Orange	2,411	\$51	484	27%	497	18%
San Diego	2,498	\$40	445	28%	478	15%
San Francisco	724	\$49	152	42%	106	24%
Santa Barbara	370	\$41	82	29%	71	16%
Totals:	14,866	NA	2,815	30%	2,593	17%

(1) 1990 United States Bureau of the Census (Census data).

(2) 1990 United States Bureau of the Census Median Family Income.

Los Angeles County

The population of Los Angeles County was nearly 9 million in 1990. The county encompasses 4,070 square miles. The median housing value was \$207,250 with 48% rental occupied and 45% owner occupied housing units. One-third of the housing units were multifamily. The data showed housing stock with a median year built of 1958.

The U.S. Department of Housing and Urban Development (HUD) estimated median family income for 1997 is \$47,800. The 1990 median family income of the Los Angeles-Long Beach MSA was \$39,000. The census data shows that 23% of families are low-income; 17% moderate-income; 20% middle-income; and 40% high-income. Primary employment is in services, manufacturing, retail trade, and government. Of the total farm and business operations, 76% are small businesses/farms with gross revenues of less than \$1 million. The unemployment rate as of fourth quarter 1995 showed continued improvement but was still high at 7.5%.

Orange County

The 1990 population of Orange County was 2.4 million. The median housing value was \$235,250. The housing stock reflected a median year built of 1968. Fifty-six percent (56%) of housing units were owner occupied, 37% rental occupied, and 71% were single family units.

The HUD estimated median family income for 1997 is \$63,200 and the 1990 median family income for Orange County MSA was \$51,269. Nineteen percent (19%) of families were low-income; 19% were moderate-income; 23% were middle-income; and 39% were upper-income. Employers and business distribution information mirrors Los Angeles County. However, Orange County had a relatively low unemployment rate at 4.7% as of fourth quarter 1995.

San Diego County

The 1990 population of San Diego County was 2.5 million with a median housing value of \$170,400. Of the total housing units, 50% were owner occupied, 43% were rental occupied, and 67% were single family units. Housing stock reflected a median year built of 1970.

The HUD estimated median family income for 1997 is \$48,600 and the 1990 San Diego County MSA median family income was \$39,798. Twenty percent (20%) of families were low-income, 19% were moderate-income, 22% were middle-income, and 39% were high-income. Major industries and business distribution is also similar to Los Angeles County. The unemployment rate as of fourth quarter 1995 showed improvement at 6.1%.

San Francisco County

The 1990 population of San Francisco County was 724,000 with a median housing value of \$324,300. Of the total housing units, 60% were rental occupied, 32% were owner occupied, and 42% were multi-family units. Housing stock reflected a median year built of 1939. Low- and moderate-income housing projects are usually large, multi-million dollar developments of multi-housing units. Due to their size, these are generally funded by large retail banks. Projects, like those promoted by Habitat for Humanity, are rare due to the high price of real estate. In fact, Habitat just recently completed its first project in San Francisco.

The HUD estimated median family income for 1997 is \$64,400, and the 1990 San Francisco MSA median family income was \$49,282. According to census data, nearly half of the families were low- and moderate-income. The data indicates 28% were low-income, 21% were moderate-income, 21% were middle-income, and 30% were high-income. The major types of employment are services, retail trade, finance/insurance, and government. Of the total business and farm operations, 74% are small businesses/farms with gross annual revenues of less than \$1 million. The unemployment rate as of fourth quarter 1995 was low at 4.5%.

Santa Barbara County

The 1990 population of Santa Barbara County was 369,608 and the median housing value was \$237,600. Of the total housing units, 51% were owner occupied, 42% were rental occupied, and 71% were single family units. Housing stock indicates a median year built of 1966.

The HUD estimated median family income for 1997 is \$49,300, and the Santa Barbara-Santa Maria-Lompoc MSA median family income (1990) was \$41,289. Nineteen percent (19%) of families were low-income, 18% were moderate-income, 23% were middle-income, and 40% were high-income. The major types of employment are services, retail trade, government, and manufacturing. Of the total business and farm operations, 78% are small businesses/farms with gross annual revenues of less than \$1 million. The unemployment rate as of fourth quarter 1995 showed improvement at 6.50%.

Overall Conclusions

The bank's overall record of community development lending, investments, and services is very good. Although the bank is limited by its focus as a private bank, management has found alternative ways to serve the needs of small businesses and low- and moderate-income individuals residing within its five assessment areas.

Because of the lack of reliable performance data for similar (wholesale) banks, we focused on NTBCa's performance relative to its size, market, lending constraints, and ability. Please refer to the **Description of the Institution** comment for a discussion of the performance context as it relates to the bank's size, market, and trust strategy.

- ▶ NTBCa's community development (CD) lending and investment activity compared to the bank's 1996 capital and income is very strong. The total dollar volume of CD lending and investment activity for 1996 and the first quarter of 1997 was over \$17 million, including \$1.7 million in loan commitments. To add perspective, this volume of activity represents 28% of year-end equity capital, and is 325% of 1996 pre-tax net operating income.
- ▶ As discussed below, management also devoted considerable time to community development service activities in both 1996 and 1997. These numbers are significant when compared to the bank's limited lending staff, few banking offices, and non-retail strategy.
- ▶ The bank also demonstrated leadership as one of the founders of two community development corporations. Management developed innovative and complex ways to participate in community development projects.

In this section, we discuss the bank's overall performance under the three characteristics of the community development test, which include: investment, loan, and service activity; investment, loan, and service initiatives; and responsiveness to community development needs. Please refer to the table on the following page for a summary of performance by lending and investment category, and by each assessment area.

Investment, Loan, and Service Activity:

Community Development Loans and Investments

NTBCa made or purchased \$15 million in community development loans with an additional \$1.3 million in commitments. A majority of the loans are small business loans totaling \$14.7 million. Sixty percent of the bank's small business loans were less than \$100,000. About \$9.8 million are within the bank's assessment areas. Since the bank is adequately meeting the credit needs of its assessment areas, we also considered the \$4.9 million in small business loans that are outside the bank's assessment areas. The bank also made two loans totaling \$190,000 which represent home purchase loans to LMI borrowers.

NTBCa originated other community development totaling \$152,000 and commitments of \$1.2 million. Loans to Community Development Corporations (CDCs) represent an additional \$135,000 with \$570,000 in commitments.

In 1996 and year-to-date 1997, equity investments in CDCs were \$214,650. In addition, the bank made grants to organizations in 1996 which totaled \$68,006. Year-to-date 1997 grants total \$41,850.

While most loans and investments target specific assessment areas, the following have a state-wide focus.

California Economic Development Lending Initiative (CEDLI)

CEDLI is a for-profit CDC whose purpose is to support small business and community economic development projects that do not have access to bank credit. It was created through a joint initiative of the Development Fund, the Federal Reserve Bank of San Francisco, and forty-eight financial institutions. The bank made a \$25,000 equity investment and a \$250,000 loan pool commitment. This equity investment represents .6% ownership and their loan pool percentage is .65%.

Savings Association Mortgage Company (SAMCO)

SAMCO, which is owned by a number of California-based banks, identifies and underwrites affordable multi-family housing projects for LMI families and in LMI neighborhoods. SAMCO recently completed two projects-- one in Los Angeles and one in San Francisco. NTBCa has \$135,000 in loans outstanding and has made an additional \$160,000 in commitments. For two loans funded in 1997, the bank's \$50,000 participations represented 3.2% and 5.6% of the loan totals.

The following table summarizes the bank's loan and investment activity within each assessment area for the assessment period.

**Summary of Community Development Loan and Investment Performance
(Dollar Volumes are in 000's)**

Product	Los Angeles County	Santa Barbara County	Orange County	San Diego County	San Francisco County	Statewide (1)	Totals
Small business loans	\$5,000	\$2,418	\$740	\$0	\$1,611	\$4,890	\$14,659
HMDA loans		102	88				190
Other community development loans	1,200©			\$152			152 1,200©
Loans to Community Development Corporations (CDCs)	50 105©		150©	10©	85 55©	250©	135 570©
Total community development loans	\$5,050 \$1,305©	\$2,520	\$828 \$150©	\$152 \$10©	\$1,696 \$55©	\$4,890 \$250©	\$15,136 \$1,770©
Community development investments (2)	\$10	\$32	\$15	\$73	\$60	\$25	\$215
Qualified grants (2)	58	6	9	16	8	13	110
Total community development investments	\$68	\$38	\$24	\$89	\$68	\$38	\$325

(1) Not specific to a single assessment area. This also includes small business loans originated outside of the bank's assessment areas.

(2) Qualified investments are equity investments in organizations which have as their primary purpose community development. Qualified grants include contributions to the same types of organizations.

© Refers to loan commitments.

Community Development Services

NTBCa has an impressive record for contributing its services to organizations which have a community development purpose. This is particularly notable considering its limited banking staff. In 1996, bank personnel provided services to a total of 63 organizations. Involvement included contributing staff expertise in finance, lending, and management to 34 organizations; fund raising efforts to 17 organizations; and technical assistance and education to 13 organizations. Prior to 1997, the bank did not track the number of hours spent in these endeavors.

Year-to-date 1997, management has contributed a total of 782 hours to 76 organizations which have a community development purpose. This includes contributing staff expertise in finance, lending, and management to 14 organizations; fund raising efforts for 32 organizations; and technical assistance or education for 30 organizations.

Investment, Loan, and Service Initiatives:

Besides providing community development loans, investments, and services which are those in which most banks are involved, the bank developed innovative and complex ways to increase its participation in community development projects. Examples of these initiatives include:

Bankers in Support of...

The CRA Officer organized this effort to allow small- and mid-sized banks in Los Angeles to pool their funds in order to provide qualified grants to specific community development groups. This is an innovative effort because it allows small and mid-sized banks to participate in large community development projects which have previously been funded by larger institutions.

Banking on Habitat

The bank developed a complex loan program with special terms and rates to meet the loan needs of Habitat for Humanity (Habitat). The loan program is a state-wide effort which assists Habitat by providing low cost construction financing and by purchasing Habitat mortgages. This was particularly complex given the bank's level of lending expertise.

Women for Women

NTBCa's president founded Women for Women which is a Project Hope program sponsored by Union Rescue Mission - Skid Row. The program is innovative because it focuses on homeless women, a previously under served group. The purpose of the program is to encourage business and professional women in Los Angeles to assist less fortunate women in the community with their emergency needs, as well as to empower them to regain their independence, productivity, and improve their quality of life. Besides founding this organization, the bank contributed services and a grant of \$2,500.

Responsiveness to Community Development Needs:

NTBCa's community development lending, investments, and services were responsive to the credit and other needs of their assessment areas. As noted in the **Description of the Institution** comment, the primary needs are: affordable housing loans; financing for homeless shelters; small business loans, particularly micro loans and start-up loans; loans to and investments in CDCs, and; education and technical assistance in the areas of business management and credit counseling.

As detailed above, NTBCa addressed each of these needs through direct lending as well as loans, investments, and services to organizations providing community development activities.

Conclusions with Respect to Performance in Los Angeles MSA

The bank demonstrated very good performance in helping to meet the community development needs of the Los Angeles assessment area, including the credit needs of small businesses and low- and moderate-income individuals. The bank made a number of loans and commitments to small businesses, low- and moderate-income individuals, and organizations. The bank also made one investment in a CDC. Particularly notable are the many hours of service provided to numerous community development organizations.

Community Development Loans:

Performance in Los Angeles is very good and responds to some of the area's most critical needs. The bank made \$5 million in community development loans and \$1.3 million in commitments, all of which were small business loans. The commitments identified below focus primarily on organizations that serve homeless individuals or support affordable housing efforts for LMI individuals.

Chrysalis

This organization specializes in providing job rehabilitation for homeless and low-income individuals. The bank's loan commitment is \$50,000.

Habitat for Humanity

Habitat provides affordable housing for LMI individuals by allowing them to contribute "sweat equity" to purchase a home. This allows LMI individuals, who do not have the necessary funds for a down payment, to own their own home. The bank's revolving loan commitment is \$50,000.

Union Rescue Mission Foundation

Union Rescue Mission Foundation is a charitable nonprofit agency which assists individuals who have little or no income by providing food, housing, addiction recovery, and job skill enhancement. The bank provides a working capital line of credit for \$1.1 million.

Community Development Investments:

In 1996, the bank provided \$29,750 in grants to organizations that provide community services for LMI individuals and \$7,000 to organizations that promote economic development. The bank also made the following community development investment:

Los Angeles Neighborhood Housing Services (LANHS)

LANHS is a certified community development financial institution whose mission is to serve targeted LMI communities. It operates as a non depository institution which provides lending, brokering, consumer education, and investment services. LANHS acquires, develops, and improves land, buildings, homes, and businesses. Funds are committed to the NHS Revolving Purchase/Rehabilitation Loan Program, a component of the Campaign for Home ownership through lines of credit.

Community Development Services:

The bank provided technical assistance, hosted and participated in several fund raising activities, and used management and business skills to assist numerous community development organizations. In 1996, bank staff contributed their services to 33 organizations. Year-to-date 1997, the bank has contributed 336 hours to 48 organizations.

Conclusions with Respect to Performance in Orange County MSA

Loans, investments, and services reflect very good performance in helping to meet credit and banking needs, particularly those of small businesses and LMI individuals. The bank demonstrated leadership as a founder of a local CDC.

Community Development Loans:

The bank made a total of six small business loans totaling \$740,000 and one home purchase loan for \$88,000 to a low-income individual.

Community Development Investments:

NBTCa's performance was good in meeting the needs of the Orange County assessment area by investing in the following CDCs:

Bankers Small Business Community Development Corporation of Orange County

NTBCa was the founder of this CDC. Its purpose is to provide financing for small businesses, particularly those owned by minorities and women. The target businesses must be located in LMI census tracts and within enterprise zones in Orange County. The bank made a \$5,000 equity investment and a \$50,000 loan pool commitment.

Clearinghouse Community Development Financial Institution of Orange County (CCDFI)

CCDFI is a for-profit corporation whose purpose is to promote community development by providing loans and investments to agencies or organizations that provide housing or services to LMI residents in Southern California. The bank made a \$10,000 equity investment and a \$100,000 loan pool commitment.

In 1996, the bank also made \$6,431 in grants to organizations which serve LMI clients and which meet the community development definition. Year-to-date 1997, the bank has made an additional \$2,100 in grants to organizations that promote affordable housing, community services for LMI, and activities that promote economic development.

Community Development Services:

In 1996, the bank provided services to nine community development organizations. Year-to-date 1997, NTBCa has contributed 43 hours to eight community development organizations. Services included participation in loan and finance committees, fund raising efforts, technical assistance, and financial education on checking accounts, investments, etc.

Conclusions with Respect to Performance in Santa Barbara MSA

NTBCa demonstrated good performance in helping to meet the needs of small businesses and LMI individuals by providing loans, making an investment and grants, and contributing its services to community development organizations.

Community Development Loans:

The bank made 13 small business loans for a total volume of \$2.4 million. The bank also made one HMDA loan for a total of \$102,000 to a moderate-income individual.

Community Development Investments:

The bank made the following investment in the Santa Barbara assessment area:

Small Business Loan Fund of Santa Barbara California

The fund was formed to provide loans and technical assistance to small businesses in Santa Barbara that are owned or controlled by low- or moderate-income individuals. The bank has a \$32,150 equity investment in the fund.

The bank also made grants to organizations whose primary purpose is community development. In 1996, grants totaled \$2,625. Year-to-date 1997, the bank has contributed an additional \$3,500. These grants support community services for LMI individuals and activities that promote economic development.

Community Development Services:

In 1996, the bank contributed its business expertise to seven community development organizations. Year-to-date 1997, the bank has contributed 53 hours to four organizations. Activities include participation in finance committees, fund raising efforts, and financial counseling.

Conclusions with Respect to Performance in San Diego MSA

The bank's CRA performance in this assessment area is adequate, considering the limited staff and recent opening of one of the two offices in 1997. The bank was also one of the founders of a local CDC.

Community Development Loans:

NTBCa made the following community development loan:

Habitat for Humanity

Habitat provides affordable housing for low- and moderate-income individuals. The bank extended a loan for \$152,313.

Community Development Investments:

The bank made the following investment:

Bankers Small Business Community Development Corporation of San Diego

This CDC provides micro loans, equity gap guarantees, and stand-by letters of credit for small businesses. The goal of the CDC is to provide financing to small businesses, particularly those owned by women and minorities in LMI census tracts and designated enterprise zones in San Diego County. The bank made a \$2,500 equity investment and extended \$10,000 in a loan pool.

Neighborhood Bancorporation

The primary goal of the corporation is to increase the stock of affordable housing. The bank's mission is to focus on a region in south San Diego that is predominately occupied by LMI families. NTBCa is among one of the bank's early contributors and belongs to the "Organizer Group." NTBCa has a \$70,000 equity investment.

Community Development Services:

In 1996, the bank contributed staff services to five organizations with a community development purpose. Year-to-date 1997, the bank has contributed 124 hours to 11 organizations. Services include providing technical assistance, participating in fund raising efforts, and reviewing loan applications.

Conclusions with Respect to Performance in San Francisco MSA

NTBCa demonstrated good performance in helping to meet the credit and banking needs by extending loans to small businesses and community development organizations which promote affordable housing for LMI individuals. The bank also provided investments, grants, and services to community development organizations.

Community Development Loans:

NBTCa extended 9 small business loans for a total of \$1.6 million. The bank also made the following community development loan in the assessment area:

Savings Association Mortgage Company (SAMCO)

SAMCO, which is owned by a number of California-based banks, identifies and underwrites affordable multi-family housing projects for LMI families and in LMI neighborhoods. SAMCO recently completed a project in San Francisco. NTBCa's portion of the San Francisco project includes an \$85,000 loan with an additional commitment of \$55,000.

Community Development Investments:

The bank made the following investment in San Francisco County:

Community Bank of the Bay

The purpose of the bank, located in Oakland, is to provide loans for job creation, housing renovation, and social services in the Bay area's LMI communities. NTBCa made a \$25,000 equity investment in the bank.

In 1996, the bank made \$7,500 in grants to organizations whose primary purpose is community development. Year-to-date 1997, the bank made an additional \$300 grant. These funds contributed to organizations which provide community services for LMI individuals and that promote economic development.

Community Development Services:

In 1996, the bank contributed staff time and expertise to 9 organizations which promote community development. Year-to-date 1997, the bank has contributed 246 hours to 14 community development organizations. Efforts included providing technical assistance, participating in finance committees, and participating in fund raising efforts.

SCOPE OF THE EXAMINATION

The scope of our examination followed the Interagency CRA Examination Procedures for Wholesale Institutions. As part of the procedures, we reviewed community development loans, investments, and service records presented by bank management to ensure that they qualified for consideration under the community development test. We did not consider information from affiliate institutions. Examiners considered information provided by the bank and demographic information to better understand the performance context.

We also performed a fair lending examination in conjunction with the CRA review. We tested the rates and terms on home purchase loans, comparing minority, female, and unmarried joint applicants to a control group. We did not identify any discriminatory practices. NTBCa's policies, procedures, and training are satisfactory to ensure compliance with the fair lending laws and regulations.