



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**December 17, 2007**

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

Excel National Bank  
Charter Number 24493

9701 Wilshire Boulevard  
Beverly Hills, CA 90212

Office of the Comptroller of the Currency

Southern California North Field Office  
550 North Brand Boulevard, Suite 500  
Glendale, CA 91203

**NOTE:** 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'S CRA RATING: This institution is rated Satisfactory.**

Excel National Bank's (ENB) CRA performance depicts an overall satisfactory responsiveness to the meeting the credit needs within its community.

- The loan-to-deposit ratio is reasonable and meets the standards for satisfactory performance.
- Lending to businesses with annual revenues of \$1 million or less is reasonable and meets the standards for satisfactory performance.
- The geographic distribution of loans is reasonable and meets the standards for satisfactory performance.
- Lending in the assessment area needs to improve and does not meet the standards for satisfactory performance.

Note: The bank did not originate or purchase a majority of the number and dollar volume of its loans within its defined assessment area, which is one of the criteria considered for CRA rating purposes. The bank operates a number of loan production offices outside its assessment area for producing Small Business Administration (SBA) loans. This business strategy negatively affected the volume of loans originated within the assessment area. However, of the loans that the bank originated outside the assessment 53 percent were to businesses with revenues of \$1 million or less and 34 percent were to borrowers in low- and moderate-income census tracts.

**SCOPE OF EXAMINATION**

We evaluated the bank's CRA performance based on loans originated between February 1, 2005, and September 30, 2007. ENB's primary lending activity focuses on lending to small business borrowers. Consistent with their business strategy, we focused our evaluation of compliance on SBA and other government-guaranteed loans and commercial loans to small businesses. Due to the nominal amount of loans originated during the review period, we did not select a sample of loans, but instead used all loans originated in our analysis.

We did not review consumer loans, as retail banking services are limited and offered to serve the banking needs of the individuals who have established commercial relationships. These loans total less than one percent of the total loan portfolio.

Table 1 below details the composition of loan originations from the date the bank opened in 2005 through September 30, 2007.

<b>Table 1 – Loan Originations Composition</b>		
<b>Loan Type</b>	<b>Outstanding (000's)</b>	<b>Percent (%) of Total Loans</b>
<b>SBA 7a Program</b>	\$180,972	79.32%
<b>USDA Guaranteed</b>	\$12,754	5.59%
<b>SBA 504 Program</b>	\$10,298	4.51%
<b>Mini-Perm Commercial Real Estate</b>	\$6,994	3.07%
<b>CalCap Loan Program</b>	\$6,736	2.95%
<b>Construction</b>	\$4,982	2.18%
<b>Commercial</b>	\$3,461	1.52%
<b>SBA Express Loan Program</b>	\$1,865	0.82%
<b>Other/Unknown</b>	\$100	0.04%
<b>TOTAL</b>	<b>\$228,162</b>	<b>100%</b>

Source: Bank Loan Data

## **DESCRIPTION OF INSTITUTION**

Excel National Bank is a full service commercial bank with one branch, headquartered in Beverly Hills, California. The branch is in an upper-income census tract, located in Los Angeles County. ENB has one automated teller machine (ATM) at this location. Since the bank opened in 2005, there have been no other branch openings.

ENB is a business-focused institution, focusing on Small Business Administration (SBA) and other government-guaranteed lending programs. Business loan products include commercial loans and lines of credit, commercial real estate, equipment loans, USDA Guaranteed loans, CalCap loans, and SBA 7a, SBA 504, and SBA Express Loans.

The bank's business focus is SBA lending and offers services through eight loan production offices (LPO) throughout the country. None of the bank's LPOs are located within the bank's assessment area.

The bank has no financial or legal impediments that would affect its ability to meet the credit needs of its community. As of September 30, 2007, the bank reported total assets of \$90.7 million, net loans of \$69.8 million and total deposits of \$81.7 million. The bank originated \$228 million in loans and retained \$69.8 million after loan sales.

This is the first Performance Evaluation to assess ENB's record of compliance with the Community Reinvestment Act.

## DESCRIPTION OF ASSESSMENT AREA(S)

ENB’s assessment area (AA) is the Los Angeles Metropolitan Statistical Area (MSA), which is comprised of all 2,054 census tracts in the County of Los Angeles. The AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. Refer to Table 2 for details.

Table 2 – Los Angeles AA Demographics						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
<b>Geographies (Census Tracts)</b>	2,054	9.0	28.2	28.0	34.0	0.8
<b>Population by Geography</b>	9,519,338	8.0	29.4	30.8	31.6	0.2
<b>Owner-Occupied Housing by Geography</b>	1,499,694	2.0	15.4	31.3	51.3	0.0
<b>Businesses by Geography</b>	769,909	7.8	20.5	26.2	44.7	0.8
<b>Family Distribution by Income Level</b>	2,154,311	7.1	27.4	30.3	35.2	0.0
<b>Distribution of Low- and Moderate-Income Families throughout AA Geographies</b>	869,463	23.9	16.5	17.4	42.2	0.0
Median Family Income = \$46,509 HUD Adjusted Median Family Income (2006) = \$56,200 Households Below the Poverty Level = 15.13%						Median Housing Value = \$240,248 Unemployment Rate (2006) = 3.72%

Source: 2000 U.S. Census Data and 2006 HUD for updated Adjusted Median Family Income

The County of Los Angeles is a complex, highly diverse urban area that includes 88 cities and a number of unincorporated areas. Los Angeles County is the largest and most rapidly growing metropolitan region in the fastest growing state in the country.

Banking competition is strong within the Los Angeles MSA. A significant number of financial institutions compete for the available business. Large banking institutions include Bank of America, Washington Mutual, Wells Fargo Bank, Union Bank of California, and City National Bank.

The County of Los Angeles continues to experience growth in population and economic diversity. The major industries that contribute to employment are diverse and are concentrated in wholesale and retail trade, manufacturing, government, financial

services, tourism, transportation, utilities and construction.

The largest employers are Kaiser Permanente, Northrop Grumman, The Boeing Company, The Kroger Company and the University of Southern California. Additionally, the combined Ports of Los Angeles and Long Beach rank first in the nation in volume.

The Los Angeles County unemployment rate has been higher than the State of California. The economic outlook for 2007 was for modest growth, mainly in international trade, professional services, technology and tourism. Concerns exist in industries closely tied to housing, especially in new home building and the resale housing sectors.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

The loan-to-deposit ratio (LTD) is reasonable and meets the standards for satisfactory performance. The bank’s average LTD ratio was 71 percent for 10 quarters ending September 30, 2007. This compares favorably to the average LTD ratio of four similarly situated banks, which was 72 percent for the same time period. We compared the bank’s LTD ratio to four institutions with assets equal to or less than \$100 million were in close proximity to ENB. Three of these four institutions began operations during the review period.

### Lending in Assessment Area

ENB’s lending performance within its AA needs to improve. The bank did not originate a majority of its loans, by number or dollar volume, within its AA during the review period. Refer to Table 3 below.

The less than satisfactory volume of lending within the AA resulted from the bank’s SBA lending strategy and generating loans from eight LPOs outside of its AA. This niche market strategy, while serving the needs of small businesses, resulted in a large number of loan originations outside the AA.

Table 3 - Lending in the Los Angeles AA										
Loan Type	Number of Loans				Total	Dollars of Loans (000's)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
<b>Total Loans</b>	52	18%	232	82%	284	\$27,138	12%	\$201,024	88%	\$228,162

Source: Data collected from file review

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

ENB's lending performance to businesses with annual revenues of \$1 million or less is reasonable and meets the standards for satisfactory performance. This lending compares favorably to the level of businesses with similar revenues. Refer to Table 4 for details.

<b>Table 4 - Borrower Distribution of Loans to Businesses in Los Angeles AA</b>		
<b>Business Revenues</b>	<b>≤\$1,000,000</b>	<b>&gt;\$1,000,000</b>
<b>% of AA Businesses*</b>	66%	6%
<b>% of Bank Loans in AA by Number</b>	<b>60%</b>	40%
<b>% of Bank Loans in AA by Dollar</b>	<b>45%</b>	55%

Source: Data collected from 2006 Business Geo-Demographic data and loan file review

\* 28% of businesses did not report revenues

## Geographic Distribution of Loans

Overall, the geographic distribution of loans reflects a reasonable dispersion throughout the AA and meets the standards for satisfactory performance. The level of the bank's lending to businesses in low- and moderate-income census tracts compares favorably to area demographics. The percentage of loans in low-income geographies is less than the demographics, while the percentage of loans made in moderate-income census tracts exceeds the demographics. Refer to Table 5 for details.

<b>Table 5 - Geographic Distribution of Loans to Businesses in Los Angeles AA</b>								
<b>Census Tract Income Level</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
	<b>% of AA Business</b>	<b>% of Number of Loans</b>	<b>% of AA Business</b>	<b>% of Number of Loans</b>	<b>% of AA Business</b>	<b>% of Number of Loans</b>	<b>% of AA Business</b>	<b>% of Number of Loans</b>
<b>Total Loans*</b>	8%	4%	21%	<b>23%</b>	26%	31%	45%	42%

Source: Data collected from 2006 Business Geo-Demographic data and loan file review

\*Less than one percent of the census tracts did not report census data or income of business

## Responses to Complaints

ENB has not received any complaints related to its CRA performance.

## Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

