



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**May 10, 2004**

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

**Premier Commercial Bank, National Association  
Charter Number 24250**

**2400 East Katella Avenue, Suite 125  
Anaheim, CA 92806**

**Office of the Comptroller of the Currency  
Southern California South Field Office  
1925 Palomar Oaks Way, Suite 202  
Carlsbad, CA 92008**

**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**.

Premier Commercial Bank, National Association (Premier) satisfactorily meets the credit needs of its assessment area (AA). The major factors that support this rating include:

- The quarterly average loan-to-deposit ratio is reasonable.
- A majority of loans are originated within the bank's AA.
- The loan distribution by income reflects reasonable penetration among businesses of different sizes.
- The geographic distribution of loans reflects excellent dispersion throughout the AA.
- The bank did not receive any complaints about its performance in helping to meet assessment area credit needs during the evaluation period.
- We found no evidence of illegal discrimination or other illegal credit practices.

Examiners reviewed a sample of business loans originated from January 1, 2002 to December 31, 2003. Loans originated in 2002 were compared to 1990 U.S. Census data. Loans originated in 2003 were compared to 2000 U.S. Census data. We used separate census data because the 2000 census data became effective in January 2003, and changed boundaries and income levels of many existing census tracts, deleted some census tracts, and created many new ones.

## **DESCRIPTION OF INSTITUTION**

Premier Commercial Bank is a \$105 million independent community bank headquartered in the city of Anaheim in Orange County, California. Premier's main office is located at 2400 East Katella Avenue in Anaheim, adjacent to the Arrowhead Pond and Edison International Field. The bank opened a loan production office located at 20501 Ventura Boulevard in Woodland Hills in Los Angeles County to facilitate business development activities. The main branch is located in a moderate-income census tract based on the 2000 U.S. Census. Previously, the 1990 Census designated this tract a middle-income tract. The bank maintains an Automated Teller Machine at the main branch, and has not closed or opened a branch during the evaluation period.

Premier is a commercial lender and offers traditional banking products and services for business customers (targeting small-to-medium size businesses), entrepreneurs, and hospitality industry customers. The bank's primary loan product by both number and dollar amount during the assessment period was business loans, including commercial real estate loans. The bank generally offers consumer products as additional services for business customers.

There are no legal or financial factors that impede the bank's ability to help meet the credit needs of the AA. This is Premier's first Community Reinvestment Act (CRA) examination.

*Please refer to Premier's CRA public file for more information about the institution.*

## DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The AA encompasses all of Orange County and is located within the Orange County Metropolitan Area (MA). Both 1990 and 2000 U.S. Census data (Census) indicate this AA contains both low- and moderate-income (LMI) geographies. Census data from 1990 shows the AA has 484 census tracts with 132 LMI tracts. Census data from 2000 shows the AA has 577 census tracts with 178 LMI tracts. These LMI tracts are centered primarily in the central and northern portions of the AA. The AA's population is approximately 2.8 million according to the 2000 U.S. Census data.

Competition within the AA is strong. Other financial institutions include branches of large multi-national banks, savings and thrift associations, credit unions, and other community banks.

Examiners conducted a community contact in conjunction with this CRA examination. The contact stated there is an ongoing need in the community for affordable housing for LMI individuals.

*Please refer to Premier's CRA public file for more information about the AA.*

## DETERMINATION OF PRIMARY LOAN PRODUCTS

The table below lists the outstanding balance of the bank's major loan products as of December 31, 2003.

<b>Premier Commercial Bank Loan Portfolio as of December 31, 2003</b>				
<b>Loan Type</b>	<b>Number</b>	<b>Percentage</b>	<b>Dollar (000)</b>	<b>Percentage</b>
Commercial, including Small Business Administration loans	163	55%	20,354	33%
Commercial Real Estate loans	105	36%	40,834	66%
Consumer loans	26	9%	424	1%
Total	294	100%	61,612	100%

The bank's primary loan products by both number and dollar amount are commercial and commercial real estate loans. These business loans represent our primary product analysis.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LOAN-TO-DEPOSIT RATIO

Premier's average quarterly loan-to-deposit (LTD) ratio over the past eight quarters is reasonable at 45%. During this period, the LTD ratio increased from 34% to 64% at December 2003. The eight-quarter average ratio of similarly situated financial institutions chartered in the bank's AA is 61%, with a range of 40% to 75%. The bank's LTD ratio is lower than the peer average because it only had 25 months of operations compared to more established banks in the peer group. The bank also originated and sold Small Business Administration-guaranteed loans to the secondary market, which impacted the LTD ratio. And, as expected of newly chartered banks, deposit growth exceeded loan growth.

### LENDING IN THE ASSESSMENT AREA

Premier originated a majority of its loans within its AA. The bank originated 63% of the number and 55% of the dollar volume of loans within the bank's AA. This conclusion is based on our sample of business loans.

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

Premier's record of lending to businesses of different sizes is satisfactory.

#### Lending to Businesses of Different Sizes

We compared the bank's lending to businesses in the AA to the demographics of small businesses of the AA. Small businesses are those with gross revenues of \$1 million or less.

The following table displays the bank's lending practices based on our sample of 2002 business borrowers.

<b>Borrower Distribution of 2002 Loans to Businesses in Orange County</b>		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	66	7
% of Bank Loans in AA by #	45	55
% of Bank Loans in AA by \$	58	42

\* Demographic Data Source: 2002 Dun and Bradstreet; 27% of AA businesses did not report revenue data

The table indicates 45% of the number and 58% of the dollar volume of the bank's 2002 business borrowers generated gross annual revenues of \$1 million or less. This is below the 2002 Dun and Bradstreet data that shows 66% of reporting businesses had gross annual revenues of \$1 million or less. This occurred because when the bank opened, members of the management team initially brought their larger established account relationships from prior banking experience to the new bank.

The following table displays the bank’s lending practices based on our sample of 2003 business borrowers.

<b>Borrower Distribution of 2003 Loans to Businesses in Orange County</b>		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	63	6
% of Bank Loans in AA by #	55	45
% of Bank Loans in AA by \$	49	51

\* Demographic Data Source: 2003 Dun and Bradstreet; 31% of AA businesses did not report revenue data

The table indicates 55% of the number and 49% of the dollar volume of the bank’s 2003 business borrowers generated gross annual revenues of \$1 million or less. This reasonably compares to 2003 Dun and Bradstreet data that show 63% of reporting businesses had gross annual revenues of \$1 million or less.

## **GEOGRAPHIC DISTRIBUTION OF LOANS**

The geographic distribution of loans reflects excellent dispersion throughout the assessment area.

The following table displays the bank’s geographic lending practices within the AA based on our sample of business borrowers.

<b>Geographic Distribution of Loans to Businesses in Orange County</b>								
<b>Census Tract Income Level*</b>	<b>Low</b>		<b>Moderate</b>		<b>Middle</b>		<b>Upper</b>	
	% of Number of Loans	% of AA Businesses						
2002 Sample	5	4	40	26	45	40	10	30
2003 Sample	0	3	40	29	40	36	20	32

\* Demographic Data Source: 2002 and 2003 Dun and Bradstreet

The table shows that in 2002, Dun and Bradstreet reports 4% of businesses are located in low-income tracts and 26% of businesses are located in moderate-income tracts. The bank’s geographic distribution compares favorably to that data with 5% of business borrowers located in low-income tracts and 40% of business borrowers located in moderate-income tracts.

The table also shows that in 2003, Dun and Bradstreet data report 3% of businesses are located in low-income tracts and 29% of businesses are located in moderate-income tracts. Our random sample found none of the bank’s business borrowers is located in low-income tracts. We consider this reasonable due to changes in some geographies within proximity to the bank. Also, our brief review of the loan portfolio indicates the bank continues to lend to businesses located in these tracts in 2003. In moderate-income tracts, the bank’s geographic distribution compares favorably to Dun and Bradstreet data with 40% of the business borrowers located in these tracts.

## **RESPONSE TO COMPLAINTS**

Premier did not receive any consumer complaints regarding its Community Reinvestment Act performance during the assessment period.

## **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

We found no evidence of illegal discrimination or other illegal credit practices.