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Administrator of National Banks**

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SMALL INSTITUTION EVALUATION

PUBLIC DISCLOSURE

July 12, 1999

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**National American Bank
Charter Number 18095**

**520 Montgomery Street
San Francisco, CA 94111**

**Comptroller of the Currency
Western District
50 Fremont Street, Suite 3900
San Francisco, CA 94105**

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 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 CRA performance of **National American Bank** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, **as of July 12, 1999**. 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.**" The factors supporting the bank's overall rating include the following:

- C The distribution of loans to businesses with different revenues is reasonable;
- C The geographic distribution of loans is good;
- C The bank has a reasonable loan-to-deposit ratio; and
- C A reasonable number of loans were funded within the bank's assessment area.

DEFINITIONS OF TERMS APPLIED IN THIS PUBLIC DISCLOSURE

Low - Income Geography:

For a census tract: The median *family* income is less than 50% of the median *family* income for the MSA in which it is located.

Moderate - Income Geography:

For a census tract: The median *family* income is equal to or greater than 50% and less than 80% of the median *family* income for the MSA in which it is located.

Middle - Income Geography:

For a census tract: The median *family* income is equal to or greater than 80% and less than 120% of the median *family* income for the MSA in which it is located.

Upper - Income Geography:

For a census tract: The median *family* income is equal to or greater than 120% of the median *family* income for the MSA in which it is located.

HMDA:

Abbreviation for "Home Mortgage Disclosure Act".

LMI:

Abbreviation for "low- or moderate - income". Characterizes geographies and families.

Median Family Income:

As determined by U.S. Census Bureau data in 1990.

1998 HUD Median Family Income:

Updated U.S. Census Bureau data, determined by the Department of Housing and Urban Development for 1998.

MSA:

Metropolitan Statistical Area.

DESCRIPTION OF INSTITUTION

National American Bank (NAB) is a community bank established in February 1984. The bank is located in the city of San Francisco, California. The main office is located in the financial district, a branch is located on Clement Street, and another branch is located on Noriega Street. As of March 31, 1999, the bank had total assets of \$52.3 million, loans of \$25.7 million, and deposits of \$45.5 million. The bank does not have any legal or financial circumstances impeding its ability to help meet the credit needs in its assessment area.

The following table shows loans outstanding as of March 31, 1999:

Loan Type as of 03/31/99	\$ Million	Percent
Commercial Real Estate	\$16.8	65%
Real Estate, 1 - 4 Family & Multifamily	\$4.7	18%
Commercial	\$2.3	9%
Construction	\$1.7	7%
Consumer (Vehicle & unsecured)	\$0.2	1%
Total Loans Outstanding	\$25.7	100%

Source: Bank generated reports

NAB received a Satisfactory rating in its prior CRA evaluation in December 1997.

DESCRIPTION OF ASSESSMENT AREA

Geographic Description

NAB defines its assessment area 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 on the west, the Golden Gate on the north, and San Francisco Bay on the east. The southern boundary is formed by San Mateo County.

NAB's assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The assessment area consists of 152 census tracts. According to 1990 Census Data, the population of San Francisco is 723,959.

San Francisco maintains a long history as a major international city largely due to its position as the gateway to the Pacific Rim. It hosts approximately 65 foreign consulates and has a close relationship with 11 sister cities worldwide. San Francisco's strong international connections account for 10 to 15 percent of the city's business activity.

Because San Francisco’s economy is more service than manufacturing oriented, it has been less affected by cyclical economic swings than California and the nation as a whole.

The bank’s market place is very competitive. The bank’s competition includes seven banks with assets of \$100 million or less and have main offices in the city of San Francisco. Additionally, the bank competes with local branches of large multinational banks.

Four leading employment sectors account for approximately 88 percent of all jobs within the City of San Francisco. Services and government account for 46 percent; finance, insurance and real estate for 14 percent; wholesale and retail trade for 20 percent; and communication, utilities and transportation for 8 percent.

The San Francisco labor force can be characterized as predominately young, professional, well paid, well educated, and single. Salaries tend to run 10 to 15 percent above national averages.

Demographics and Credit Needs

Census Tracts & Population within Assessment Area				
Income category of Census Tract	# of Census Tracts	% of all Census Tracts	1990 Population	% of Population within Tract Income Category
Low	23	15.13 %	104,585	14.45 %
Moderate	41	26.97 %	202,079	27.91 %
Middle	58	38.16 %	318,688	44.02 %
Upper	27	17.76%	97,995	13.54%
NA	3	1.97 %	612	0.08%
Total	152	100 %	723,959	100 %

Source: 1990 Census data

According to 1990 Census data, the median family income was \$49,282. This is higher than the \$41,848 median family income for all MSAs in California. The Census median housing value for the assessment area is \$319,708. The HUD median family income was updated in 1998 to \$68,600.

The following table illustrates the distribution of families by family income, based on 1990 Census data:

Families within Current Assessment Area (Distributed by Family Income)		
Family Income Category *	Assessment Area	
	# of Families	Percent of Families
Low	40,352	28.06%
Moderate	29,524	20.53%
Middle	30,573	21.26%
Upper	43,369	30.16%
Total Families	143,818	100%
Total Population	723,959	

Source: 1990 Census data

* Income category is for the families, regardless of the income category of the census tract in which they reside.

Low- and moderate-income families live throughout the assessment area.

Dun & Bradstreet economic reports show that 44,102 businesses (199 farms and 43,903 non-farm businesses) operate within the bank's assessment area. Of those farms and businesses with reported revenues, 87% have reported annual revenues of \$1 million or less, including 77% with revenues of less than \$500,000. Approximately 81% employ fewer than ten employees.

Meetings between federal regulatory agencies and community groups within San Francisco have determined the primary credit needs to be microloans (loans for less than \$25,000 to small businesses) and short-term revolving lines of credit; consulting, coaching and teaching to small businesses; and job training, housing, job skills, and repairs to existing low-income homes.

We conducted one community contact for this examination. The organization was a nonprofit housing association. The primary need identified by the organization is flexible underwriting for funding of low-income housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Scope of Review

The review period for this evaluation is the period of December 1997 through June 1999. We used bank generated information which we tested for accuracy. The bank is primarily a business lender. For the purpose of our review, business lending includes commercial real estate loans and business lines of credit.

Lending to Businesses of Different Sizes:

C NAB’s lending to businesses of different sizes and individuals of different incomes meets the standards for Satisfactory Performance. This conclusion is based on the context of the bank’s size, resources, age, and competition.

Lending opportunities are strong, based on Dun & Bradstreet data for the assessment area. There are 44,102 businesses within the area, including 199 farms and 43,903 non-farm businesses. Of these farms and businesses with reported revenues, 87% have reported annual revenues of \$1 million or less, including 77% with revenues of less than \$500,000.

To collect data on the revenues of the bank’s business borrowers, we reviewed 100% (19) of the commercial real estate loan originations in the assessment area during the rating period. We also reviewed 100% (6) of the business lines of credit originations in the assessment area during the rating period. The following tables show the distribution of business lending opportunities and the bank’s lending performance in these sectors:

Businesses & Farms of Different Sizes: Lending Opportunities and the Bank’s Lending Performance within Assessment Area Commercial (Real Estate Loans)						
Businesses & Farms with Reported Income:	Opportunities Per Dun & Bradstreet		Sampled Loans Originated (By Revenue of Borrower)			
	#	%	# of Loans	% of Total #	Loans (\$000)	% of Total \$
<= \$250,000	NA	NA	11	58%	\$4,846	66%
> \$250,000 to < \$500,000	NA	NA	5	26%	\$1,417	19%
Subtotal < \$500,000	28,780	77%	16	84%	\$6,263	85%
>= \$500,000 to < \$1,000,000	3,644	10%	1	5%	\$100	1%
Subtotal < \$1,000,000	32,424	87%	17	89%	\$6,363	86%
>= \$1,000,000	4,771	13%	2	11%	\$1,025	14%
Total with Reported Income	37,195	100%	19	100%	\$7,388	100%

Source: Dun & Bradstreet data and bank data

Of the sampled Commercial Real Estate Loans within the bank’s assessment area, we found that 89% by number and 86% by dollar volume were to small businesses (with revenues of \$1 million or less). This mirrors

the reported level of opportunities within the assessment area.

Businesses & Farms of Different Sizes: Lending Opportunities and the Bank's Lending Performance within Assessment Area Commercial (Business Lines of Credit)						
Businesses & Farms with Reported Income:	Opportunities Per Dun & Bradstreet		Sampled Loans Originated (By Revenue of Borrower)			
	#	%	# of Loans	% of Total #	Loans (\$000)	% of Total \$
<= \$250,000	NA	NA	5	83%	\$829	89%
> \$250,000 to < \$500,000	NA	NA	1	17%	\$100	11%
Subtotal < \$500,000	28,780	77%	6	100%	\$929	100%
>= \$500,000 to < \$1,000,000	3,644	10%	0	0%	\$0	0%
Subtotal < \$1,000,000	32,424	87%	6	100%	\$929	100%
>= \$1,000,000	4,771	13%	0	0%	\$0	0%
Total with Reported Income	37,195	100%	6	100%	\$929	100%

Source: Dun & Bradstreet data and bank data

Of the sampled Commercial Business Lines of Credit within the bank's assessment area, we found that 100% by number and 100% by dollar volume were to small businesses with revenues of \$500,000 or less.

Geographic Distribution of Loans

C The geographic distribution of loans originated during the evaluation period exceeds the standards for Satisfactory Performance.

The following table shows the distribution of census tracts within the assessment area by income category; distribution of businesses within the assessment area by census tract income; and the distribution of loans originated by census tract income.

Demographics			Loan Originations 12/31/97 - 06/30/99			
Census Tracts		% of total Businesses in tract	# of Loans	% of Total	\$ Loaned (000's)	% of Total
Low Income	15%	32%	9	33%	2,751	34%
Moderate Income	27%	24%	8	30%	2,406	30%
Middle Income	38%	24%	9	33%	2,686	33%
Upper Income	18%	20%	1	4%	200	3%
N/A	2%	0%	0	0%	0	0%
Total	100%	100%	27	100%	8,043	100%

Source: 1990 census and bank generated reports

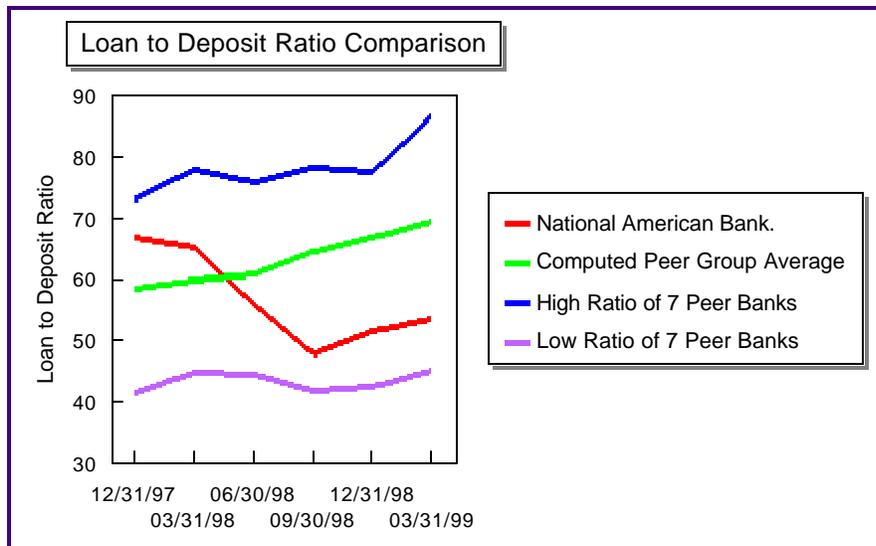
The bank's loans are well distributed in the low and moderate income census tracts of the assessment area. Fifty-six percent of businesses in the assessment area are located in low and moderate census tracts. The bank originated loans, 63% in number and 64% in dollars, to businesses in low and moderate census tracts.

Loan to Deposit Ratio

C NAB's Loan-to-Deposit Ratio meets the standards for Satisfactory Performance, given the bank's size, financial condition, and assessment area credit needs.

We evaluated the bank's loan-to-deposit ratio for six quarters ending March 31, 1999. The average loan to-deposit ratio for the last six quarters is 56.87%.

The following chart compares NAB's quarterly loan-to-deposit ratio to the computed peer group average and to the high and low ratios of the seven peer institutions.



Source: Call Report data

The peer banks include banks with assets of \$100 million or less that have main offices in the city of San Francisco.

During the review period, the bank experienced significant management turnover especially in the lending area. This resulted in lower loan originations and contributed to the decline of the bank's loan-to-deposit ratio.

Lending within the Assessment Area

C The proportion of NAB’s lending within its assessment area meets the standards for Satisfactory Performance.

We reviewed and validated the bank’s data on all loan originations (including consumer loans) for the review period. We found 58% of the number and 60% of the dollar volume of loans to be within the assessment area. This is demonstrated in the following table:

Lending Inside and Outside the Assessment Area Commercial, Real Estate, and Consumer Loans & Commitments				
	# of Loans in Assess Area	% of # of Loans in Assess Area	\$000 of Loans in Assess Area	% of \$ of Loans in Assess Area
Inside Assessment Area	33	58%	9,204	60%
Outside Assessment Area	24	42%	6,246	40%
Total	57	100%	15,450	100%

Source: Bank data

OTHER ITEMS

Low-Income Housing Lending

On September 28, 1998, NAB became a member of the California Community Reinvestment Corporation (CCRC), a non-profit bank consortium whose main objective is to finance low-income housing projects in California. NAB’s commitment to CCRC loans is for \$400,000. Through June 30, 1999, the Bank has participated in three low-income housing loans with the CCRC totaling \$16,205.

Response to Complaints:

Neither the bank’s management nor the Office of the Comptroller of the Currency have received any complaints about the bank’s CRA performance.

Fair Lending Examination:

A concurrent fair lending review did not identify any violations of the various anti-discrimination laws and regulations.