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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

August 12, 1996

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Mission National Bank  
Charter Number 17176**

**3060 16th Street  
San Francisco, CA 94103**

**Comptroller of the Currency  
50 Fremont Street, Suite 3900  
San Francisco, California 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.

## 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 **Mission National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of August 12, 1996. 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.”**

Mission National Bank’s ratio of loans to deposits is reasonable, given its size and branch locations. The bank’s geographic distribution of loans, and disbursement among individuals and business is satisfactory.

The following table indicates the performance level of **Mission National Bank** with respect to each of the five performance criteria.

<b>SMALL INSTITUTION ASSESSMENT CRITERIA</b>	<b>Mission National Bank Performance Levels</b>		
	<b>Exceeds Standards for Satisfactory Performance</b>	<b>Meets Standards for Satisfactory Performance</b>	<b>Does Not Meet Standards for Satisfactory Performance</b>
Loan-to-Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the previous Public Evaluation.		

**DESCRIPTION OF INSTITUTION:**

Mission National Bank is a retail oriented bank, with \$40 million in assets, \$22 million in loans, and \$37 million in deposits as of June 30, 1996. The bank’s main office is located in the Mission District of San Francisco, California. The bank operates a second branch in the Mission District, with additional branches in the Elmwood District of Berkeley, California and the Dimond District of Oakland, California. The bank does not have any Automated Teller Machines (ATM’s).

The bank’s lending focus is to commercial and small businesses, many secured by first deeds of trust. By dollar amount, commercial loans comprise 37% of the bank’s loan portfolio, while commercial mortgages are 41%, and consumer loans 22%. The bank originated or renewed 194 loans in 1995 and 116 loans year-to-date in 1996. Seventy five percent of these originations are less than \$100 thousand.

The bank’s branches are located in urban areas, which are highly competitive for deposit and lending customers. These metropolitan areas are dominated by branches of larger regional and multinational financial institutions, which have substantially more resources and offer consumers a wider variety of products to suit their credit needs. Aside from its size, there are no impediments restricting the bank’s ability to meet the performance categories of the Act.

**DESCRIPTION OF SAN FRANCISCO, OAKLAND, AND BERKELEY:**

Based on the location of the bank’s branches, the Board and management have defined the cities of San Francisco, Oakland, and Berkeley as the bank’s assessment areas. This designation complies with the regulation and does not arbitrarily exclude low or moderate income areas.

The city of San Francisco Metropolitan Statistical Area (MSA) contains 152 census tracts. According to 1990 Census Data, the population of San Francisco is 723,959, with a median family income of \$49,282 and a median housing value of \$324,300. Seventy-two percent of the population resides in the moderate and middle income tracts. The following table shows the number and percent of census tracts by income level and the population within those census tracts.

<b>Distribution of San Francisco MSA Population and Census Tracts</b>			
	<b># of Census Tracts</b>	<b>% of All Census Tracts</b>	<b>% of Population within Tracts</b>
Low Income	26	17%	14%
Moderate Income	41	27%	28%
Middle Income	58	38%	44%
Upper Income	27	18%	14%
Total	152	100%	100%

The cities of Oakland and Berkeley are adjacent, and reside in the Oakland MSA. The median family income within the Oakland MSA is \$47,516, based on 1990 Census Data. The population of Oakland is 375,543 and the median housing value is \$135,000. The population of Berkeley is 111,530 and the median housing value is \$233,000. Together, Oakland and Berkeley aggregate 140 census tracts, with a total population of 487,073. A majority (63%) of the census tracts within this assessment area are listed as low and moderate income. And, a majority (63%) of the population resides in the lower and moderate income tracts.

<b>Distribution of the Population and Census Tracts of the Cities of Oakland and Berkeley</b>			
	# of Census Tracts	% of All Census Tracts	% of Population within Tracts
Low Income	47	34%	28%
Moderate Income	41	29%	35%
Middle Income	30	21%	22%
Upper Income	22	16%	15%
Total	140	100%	100%

Meetings between federal regulatory agencies and community groups within these urban areas have determined affordable housing and small business financing as the primary credit needs within the San Francisco and Oakland MSA’s.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :**

**Loan-to-Deposit Ratio**

Mission National Bank’s loan-to-deposit ratio is reasonable.

We evaluated the bank’s loan-to-deposit ratio for the past eight quarters, ending March 31, 1996. We then compared this ratio to sixteen local financial institutions with similar asset levels. The bank’s ratio averaged 62% over the last eight quarters. The sample group’s loan-to-deposit ratio ranged from 55% to 84%, and averaged 72%. MNB’s ratio is reasonable, given it does not include approximately \$5 million in loan participations with several multinational corporations. These commitments are unfunded and have been participated with MNB due to its minority owned status. Inclusion of these commitments would improve the bank’s loan- to-deposit ratio to peer levels.

### **Lending within the Assessment Area**

A majority of the bank's 479 loans are within its assessment areas. The bank originated 310 loans during 1995 and 1996. Sixty-three percent of these originations are located within the bank's assessment areas, validated by testing 10% of addresses of commercial, installment and real estate loans. (We used this sample of 30 loans for assessment of the following Performance Categories, as well.) Moreover, 38% of these loans within the assessment areas are located in low income tracts, 23% in moderate income tracts, 19% in middle income tracts, and 19% in upper income tracts.

### **Lending to Businesses of Different Sizes**

The bank's business loans are reasonably distributed to businesses of different sizes.

We reviewed 10% of commercial loans and commercial loans secured by real estate made during 1995 and 1996 and determined 56% are to small businesses (gross annual revenues below \$1 million). Moreover, national data reflects that small business loans are typically for amounts less than \$100,000. Seventy-five percent of the bank's loan originations during 1995 and 1996 are under this threshold.

<b>Lending to Businesses of Different Sizes During 1995 and 1996</b>		
	Revenues ≤ \$1 Million	Revenues > \$1 Million
San Francisco	100%	0%
Oakland/Berkeley	40%	60%
Total Sample within Assessment Areas	56%	44%

### **Lending to Borrowers of Different Incomes**

Overall, the bank's lending is disbursed to borrowers of all income levels.

We recorded the income levels of individuals during our sampling of the bank's loan portfolio. The following table reflects the bank's lending pattern to borrowers of various income levels within each assessment area.

<b>Lending to Borrowers of Different Incomes During 1995 and 1996</b>				
	Low Income	Moderate Income	Middle Income	High Income
San Francisco Borrowers	7%	36%	7%	50%
% of Population - S.F.	14%	28%	44%	14%
Oakland/Berkeley Borrowers	0%	25%	25%	50%
% of Population - Oakland/Berkeley	28%	35%	22%	15%

**Geographic Distribution**

Geographic distribution of the bank’s loans reflects reasonable dispersion throughout its assessment areas. The bank’s branches are located in low or moderate income areas. Accordingly, 61% of the loans sampled were within these type tracts.

<b>Lending Distribution by Type of Census Tract</b>				
Income Characteristic	% of Loans -S.F.	% Tracts in Area	% of Loans - Oakland/Berkeley	% Tracts in Area
Low Income Tract	32%	17%	57%	34%
Moderate Income Tract	21%	27%	29%	29%
Middle Income Tract	21%	38%	14%	21%
Upper Income Tract	26%	18%	0%	16%

**Other Information**

Mission National Bank did not receive any complaints to its CRA performance since the last examination.

During the course of this examination, we found no evidence of discriminatory or other illegal credit practices. We did not identify any practice to discourage applications for the types of credit offered by the bank. No substantive violations of Fair Lending regulations are cited.