



**Comptroller of the Currency
Administrator of National Banks**

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PUBLIC DISCLOSURE

February 17, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Asian Pacific National Bank
Charter Number 23006**

**333 W. Valley Boulevard
San Gabriel, CA 91776**

**Comptroller of the Currency
Southern California North Field Office
550 North Brand Blvd. Suite 500
Glendale, California 91203**

<p>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.</p>

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 **Asian Pacific National Bank (APNB)** prepared by **The Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **February 17, 1998**. 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.**”

- APNB’s lending to businesses of different sizes is excellent.
- The bank’s geographic distribution of loans is reasonable.
- The loan-to-deposit ratio is reasonable.
- A majority of the bank’s loans are outside of its AA.
- A concurrent Fair Lending examination did not reveal any evidence of disparate treatment or discriminatory lending practices.

DESCRIPTION OF INSTITUTION:

Asian Pacific National Bank (APNB) opened in August 1990, as an industrial thrift and loan. The institution converted to a national bank charter effective December 29, 1995. The bank's main office is located in San Gabriel, California. In December 1997, APNB opened a second branch in Rowland Heights, California. Both offices are located east of downtown Los Angeles.

APNB's last CRA examination was performed by the Federal Deposit Insurance Corporation (FDIC). At that time, the bank's performance was rated "Satisfactory".

The bank has a business lending focus with an emphasis on small and medium size businesses. APNB provides retail services primarily to individuals associated with those businesses. The bank does not own nor operate automated teller machines (ATM's). As of December 31, 1997, commercial real estate loans totaled \$15 million, representing 87 percent of outstanding loans. The remaining 13 percent, or \$2.3 million, is distributed among commercial unsecured loans, other commercial secured loans, multi-family real estate secured loans, construction loans, and consumer loans.

The bank's overall financial condition is satisfactory. At December 31, 1997, the bank had total assets of \$33.5 million, of which \$17.3 million or 52 percent were centered in loans.

DESCRIPTION OF THE ASSESSMENT AREA (AA):

The bank's two AAs meets the requirements of the regulation. They are located within the Los Angeles Metropolitan Statistical Area (MSA). The Department of Housing and Urban Development estimates the family median income for this MSA as \$47,800.

San Gabriel:

The San Gabriel AA encompasses the cities of Alhambra, El Monte, Monterey Park, Rosemead, South El Monte, Temple City and San Gabriel. There are no low-income census tracts in the bank's AA. However, the 1990 Census reported 23,752 low-income families living in the AA. Refer to the table below for details.

INCOME LEVEL OF TRACT	NUMBER OF TRACTS IN AA	% OF TRACTS IN AA	NUMBER OF FAMILIES IN AA	% OF FAMILIES IN AA
LOW	0	0	0	0
MODERATE	23	37%	18,711	28%
MIDDLE	32	52%	20,003	29%
UPPER	7	11%	28,884	43%
TOTALS	62	100%	67,598	100%

Rowland Heights:

The Rowland Heights AA encompasses the cities of Diamond Bar, Walnut City, La Puente City, Industry City, West Covina City, and Hacienda Heights. There are no low-income census tracts located within this AA. However, the 1990 Census reported 8,440 low-income families living in the AA. Refer to the table below for details.

INCOME LEVEL OF TRACT	NUMBER OF TRACTS IN AA	% OF TRACTS IN AA	NUMBER OF FAMILIES IN AA	% OF FAMILIES IN AA
LOW	0	0	0	0
MODERATE	0	0%	0	0%
MIDDLE	20	53%	14,096	27%
UPPER	18	47%	37,202	73%
TOTALS	38	100%	51,298	100%

Competition is strong. There are a significant number of financial institutions competing for the available business within the AA. The financial institutions include branches of large banks, savings and loans, finance companies, and small community banks.

As part of this examination, we considered information provided by representatives of two local government redevelopment agencies and a community housing organization. Our contacts

identified first-time home buyer mortgage loans and small business loans as the primary credit needs within the AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Our conclusion is based on the bank’s lending activity from January 1996 through December 1997. We focused our analysis on business loans, which is the bank’s primary loan product. We used loan data developed by the bank and sampled loans to verify the accuracy of the information. Our sample included 15 loans or 39 percent of the business loans funded. We did not consider the lending activities of the bank’s Rowland Heights’ office in our analysis since it was established less than one month prior to our examination.

LENDING TO BUSINESSES OF DIFFERENT SIZES:

APNB’s distribution of loans to small businesses of different sizes is excellent.

The bank funded a total of 38 loans to businesses totaling \$7,637,926. The sizes of the loans funded were in amounts of less than \$1 million. Refer to table below for details. The bank did not collect income information. We used our sample of 15 loans to obtain information regarding borrowers’ income. Our sample revealed that 80 percent of the loans were extended to borrowers with revenues of less than \$1 million.

Distribution of Business Loans By Size

Loan Size	Number Funded	% of # Funded	\$ Amount Funded	%
< \$100,000	10	26%	\$272,426	3%
> \$100,000 - < \$250,000	13	34%	\$1,843,000	24%
> \$250,000 - < \$500,000	14	37%	\$5,022,500	66%
> \$500,000 - < \$1,000,000	1	3%	\$500,000	7%
Over \$1,000,000	0	0	0	0
Totals	38	100%	\$7,637,926	100%

Additionally, APNB committed \$15,000 to the Greater San Gabriel Valley Community Development Corporation (CDC) loan pool. The CDC is comprised of 15 institutions and is established to provide loans to small businesses. As of the date of this report, the CDC did not originate any loans.

GEOGRAPHIC DISTRIBUTION OF LOANS:

APNB’s geographic distribution of loans is reasonable.

The bank funded loans, totalling \$4.3 million, in 11 or 48 percent of the moderate-income census tracts within the AA. The bank extended loans, totalling \$3.3 million, in 12 or 38 percent of the middle income census tracts. The bank did not fund any loans in the upper-income tracts. Our analysis did not identify any conspicuous gaps in the bank’s lending.

LOAN TO DEPOSIT RATIO:

The bank’s loan-to-deposit ratio is reasonable.

The bank’s average loan-to-deposit ratio for the eight quarters ended December 31, 1997, was 68 percent. The average ratio for three similarly situated banks for the same period was 55 percent. For purposes of this evaluation, we considered similarly situated banks as those banks which are located within the bank’s AA.

LENDING IN ASSESSMENT AREA:

A majority of the bank’s loans, by number and dollar amount, are outside of its AA.

The majority of APNB’s loan originations were made to businesses in communities adjacent to its AA. The bank’s target customer base migrated to the adjacent communities, but the bank did not redefine its AA to include those communities.

Refer to the table below for further details.

Lending Within the Assessment Area

Total Loans By Number and Dollar Amount	Total Loans Made Within the Assessment Area	Percent of Total Loans Made Within the Assessment Area
103	46	45%
\$15,991,000	\$7,865,000	49%

RECORD OF COMPLIANCE WITH ANTI-DISCRIMINATORY LAWS:

We performed a concurrent Fair Lending examination and determined that there was no evidence of disparate treatment or discriminatory lending practices. The bank complies with the provisions of the antidiscrimination laws and regulations.

INVESTMENTS:

The bank made a \$5,000 capital investment in the Greater San Gabriel Valley Community Development Corporation in 1997.

RESPONSE TO COMPLAINTS:

There were no complaints associated with the bank's performance under the provisions of the CRA since the last examination.