



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

May 03, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**CommerceWest Bank, National Association
Charter Number 24208**

**4685 MacArthur Court, Suite 100
Newport Beach, CA 92660**

**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**.

CommerceWest Bank, National Association (CommerceWest) 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.
- The bank originated a substantial majority of loans within its AA.
- The loan distribution by income reflects reasonable penetration among businesses of different sizes.
- The geographic distribution of loans reflects reasonable 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 60 business loans originated from January 1, 2002 to December 31, 2003. We compared loans originated in 2002 to 1990 U.S. Census data. We compared loans originated in 2003 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

CommerceWest Bank, N. A. (CommerceWest) is an \$83 million community bank located in Newport Beach in Orange County, California. The bank opened for business in September 2001. The bank operates a main branch located at 4685 MacArthur Court, and relocated its administrative offices within close proximity at 4701 Von Karman Avenue, Newport Beach, California. The bank maintains an Automated Teller Machine at the main branch. Both locations are within two miles of the John Wayne Airport. The bank has not closed or opened a branch during the evaluation period.

The bank offers products and services primarily for commercial customers, targeting small-to-medium size businesses. The bank's primary loan products by both number and dollar amount were commercial loans and commercial real estate loans. The bank does not actively market consumer products, but offers them as additional services for commercial 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 CommerceWest's first Community Reinvestment Act (CRA) examination.

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

DESCRIPTION OF ASSESSMENT AREA

The bank's AA 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 indicate this AA contains 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 bank is located in a middle-income tract in the economically strong and growing Newport Beach/Irvine section. The AA's population is approximately 2.8 million according to the 2000 U.S. Census data.

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 CommerceWest'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. The commercial and commercial real estate loans are the bank's primary loan products, therefore, they represent our primary product analysis.

CommerceWest Bank Loan Portfolio as of December 31, 2003				
Loan Type	Number	Percentage	Dollar (000)	Percentage
Loans secured by Residential Real Estate	16	7%	3,530	6%
Commercial	162	72%	33,841	61%
Commercial Real Estate	33	14%	17,427	31%
Consumer	15	7%	1,288	2%
Total	226	100%	56,086	100%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LOAN TO DEPOSIT RATIO

CommerceWest's average quarterly loan-to-deposit (LTD) ratio over the past nine quarters is reasonable at 60%. The nine-quarter average ratio of similarly situated financial institutions chartered in the bank's assessment area is 60%, with a range of 40% to 74%.

LENDING IN THE ASSESSMENT AREA

CommerceWest originated a substantial majority of its loans within its AA. We found 80% of the number and 76% of the dollar volume of loans were originated within the bank's AA. This conclusion is based on our loan sample that included commercial and commercial real estate (business) loans.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND BUSINESSES OF DIFFERENT SIZES

CommerceWest's record of lending to businesses of different sizes is reasonable.

Lending to Businesses of Different Sizes

We compared the bank's lending to businesses in the AA to the demographics of small businesses located in 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.

Borrower Distribution of 2002 Loans to Businesses in Orange County		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	66	7
% of Bank Loans in AA by #	38	62
% of Bank Loans in AA by \$	30	70

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

The table shows 38% of the number and 30% of the dollar volume of the bank's 2002 business borrowers generated gross annual revenues of \$1 million or less. This is well below the 2002 Dun and Bradstreet data for the AA that shows 66% of reporting businesses had gross annual revenues of \$1 million or less. This occurred because the management team initially brought with them some larger account relationships from their prior banking associations.

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

Borrower Distribution of 2003 Loans to Businesses in Orange County		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	63	6
% of Bank Loans in AA by #	44	56
% of Bank Loans in AA by \$	36	64

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

The table shows 44% of the number and 36% of the dollar volume of the bank's 2003 business

borrowers generated gross annual revenues of \$1 million or less. This is lower than the 2003 Dun and Bradstreet data for the AA that shows 63% of reporting businesses had gross annual revenues of \$1 million or less. The bank's performance improved from the prior year as it continued to expand its market presence in the local lending area. The bank also added lending staff who brought prior customer relationships that included businesses with gross annual revenues exceeding \$1 million.

GEOGRAPHIC DISTRIBUTION OF LOANS

The geographic distribution of loans reflects reasonable dispersion throughout the AA.

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

Geographic Distribution of Loans to Businesses in Orange County								
Census Tract Income Level*	Low		Moderate		Middle		Upper	
	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses
2002 Sample	5	4	29	26	33	40	33	30
2003 Sample	0	3	26	29	52	36	22	32

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

The table shows that in 2002, 4% of businesses are located in low-income tracts and 26% of businesses are located in moderate-income tracts. The bank's geographic distribution reasonably compares to Dun and Bradstreet data with 5% of business borrowers located in low-income tracts and 29% of business borrowers located in moderate-income tracts.

The table also shows that in 2003, businesses located in low-income tracts declined to 3%, and businesses located in moderate-income tracts increased slightly to 29%. In comparison, none of the bank's business borrowers are located in low-income tracts based on our sample. For moderate-income tracts, the bank's geographic distribution reasonably compares with 26% of business borrowers located in these tracts.

RESPONSE TO COMPLAINTS

CommerceWest 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.