



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

November 07, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

National Bank of California
Charter Number 17480

12121 Wilshire Boulevard
Los Angeles, CA 90025

Office of the Comptroller of the Currency

Los Angeles Field Office
550 North Brand Boulevard, Suite 500
Glendale, CA 91203

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.

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors that support these ratings include:

- The loan-to-deposit ratio exceeds the standard for satisfactory performance and is more than reasonable.
- A substantial majority of the bank's lending activity is inside its assessment areas.
- Lending penetration among borrowers of different sizes does not meet the standard for satisfactory performance and reflects poor penetration. Economic factors and the bank's performance context reasonably explain this performance.
- The overall performance for the geographic distribution of business loans exceeds the standard for satisfactory performance and reflects excellent dispersion compared to area demographics.
- The performance for meeting the community needs through community development loans, investments, and services meets the standard for satisfactory performance.

SCOPE OF EXAMINATION

This Performance Evaluation ("PE") assesses National Bank of California's CRA performance using Intermediate Small Bank CRA procedures. We performed a full-scope examination of the Los Angeles County assessment area and a limited scope examination of the Orange County and Ventura County assessment areas. More weight was applied to the Los Angeles County assessment area as it is the bank's designated primary assessment area and represents over 70 percent of the bank's lending activity. We analyzed 100 percent (383 loans) of all commercial loans the bank originated or purchased from January 1, 2009, through March 31, 2011. Our analysis included both commercial real estate ("CRE") and commercial business loans. In addition, we evaluated the bank's community development loans, investments, and services. The evaluation period for community development activities was from June 16, 2008, through November 7, 2011.

Prior to the CRA examination, we performed a data integrity examination to determine the accuracy of the bank's small business loan data. We determined the data to be reliable.

DESCRIPTION OF INSTITUTION

National Bank of California (“NBC” or “the bank”) is an intrastate bank headquartered in Los Angeles, California. The bank began operations in October 1982. In 1988, the Small Business Administration (“SBA”) designated the bank as a “Preferred Lender.” In 2000, NCAL Bancorp was established as the bank’s holding company. The bank is NCAL Bancorp’s only asset.

NBC operates six full-service branches located in Los Angeles, Orange, and Ventura Counties. Los Angeles County has four branches located in the cities of Brentwood, Los Angeles, Sherman Oaks, and Glendale. Orange and Ventura Counties each have one branch located in the cities of Costa Mesa and Westlake Village, respectively. The Brentwood branch was opened during this evaluation period.

NBC provides customers with 24-hour access to account information via the bank’s internet banking services. Business banking products and services include commercial lending, cash management, and business and consumer deposits. The bank also provides merchant services, debit card processing services, and expanded accounts receivable financing (i.e., factoring services). Banking products and services are offered to customers in each branch.

As of September 30, 2011, NBC reported net loans of \$243 million. NBC is primarily a commercial lender. However, consumer loans are offered as an accommodation to existing commercial borrowers and represent a nominal portion of the bank’s loan portfolio. See the following table for details on the composition of the loan portfolio.

| Loan Portfolio Summary by Loan Product September 30, 2011 | |
|--|---------------------------------|
| Loan Category | % of Outstanding Dollars |
| Commercial Real Estate | 59% |
| Commercial and Industrial | 26% |
| Home Loans | 12% |
| Consumer Loans | 2% |
| Other Loans | <1% |

The bank has no financial impediments that would affect its ability to meet the credit needs of its assessment areas. However, the bank’s ability to lend and participate in community development activities in its assessment areas has been somewhat impacted by the terms of a formal enforcement action with its primary regulatory agency. The bank received a “Satisfactory” rating at the prior CRA examination performed on June 16, 2008.

DESCRIPTION OF THE LOS ANGELES COUNTY, ORANGE COUNTY, AND VENTURA COUNTY ASSESSMENT AREAS

The bank has three assessment areas that consist of the three contiguous California counties of Los Angeles, Orange, and Ventura. NBC considers each county as a separate assessment area (“AA”). Each AA meets the regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies.

NBC operates in a highly competitive banking environment in all three AAs. The bank competes with many other financial institutions for loans and deposits. As of the most recent Deposit Market Share Report dated June 30, 2011, there were 126 institutions operating 1,765 branches in the Los Angeles County AA. Additionally, there were a total of 92 and 28 institutions operating 685 and 180 branches in the Orange County and Ventura County AAs, respectively. The four largest banks in the AAs hold an average of 59 percent of deposits. NBC's deposit market share in the three AAs is less than one percent. The largest banks in the Los Angeles County and Orange County AAs include Bank of America, Wells Fargo, Union Bank, Chase. The largest banks in the Ventura County AA are Bank of America, Wells Fargo, Chase, and Santa Barbara Bank & Trust.

Community contacts indicate there are significant credit and community development needs of low- and moderate-income individuals in the AAs. The predominant needs of the low- and moderate-communities are 1) foreclosure prevention counseling, 2) affordable housing, 3) technical assistance and financing for small businesses, 4) financial literacy education, and 5) start-up or expansion business loans, including women- and minority-owned businesses.

Los Angeles County Assessment Area

The bank has designated the entire County of Los Angeles as its primary CRA AA, which is comprised of 2,054 census tracts. The AA is situated in the Los Angeles-Long Beach-Santa Ana Metropolitan Statistical Area ("MSA"). The following chart provides demographic information for the Los Angeles County AA.

| Demographic Information for Los Angeles County | | | | | | |
|--|-----------|----------------------|--|---------------|--------------|------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 2,054 | 8.71 | 28.29 | 27.99 | 34.23 | 0.78 |
| Population by Geography | 9,519,338 | 8.00 | 29.44 | 30.88 | 31.58 | 0.10 |
| Owner-Occupied Housing by Geography | 1,499,694 | 1.91 | 15.46 | 31.30 | 51.33 | 0.00 |
| Business by Geography | 769,909 | 7.76 | 20.54 | 26.26 | 44.69 | 0.75 |
| Farms by Geography | 5,966 | 3.54 | 14.80 | 31.11 | 50.18 | 0.37 |
| Family Distribution by Income Level | 2,154,311 | 23.87 | 16.49 | 17.40 | 42.24 | 0.00 |
| Distribution of Low-and Moderate-Income Families throughout AA Geographies | 869,463 | 13.65 | 41.46 | 28.95 | 15.94 | 0.00 |
| Median Family Income (MFI) HUD Adjusted Median Family Income 2010 | | \$53,036 \$63,000 | Median Housing Value (California Association of Realtors - June 2011) | | | \$301,000 |

(*) The NA category consists of geographies that have not been assigned an income classification
Source: 2010 U.S. Census, 2010 HUD updated MFI, and California Association of Realtors

Los Angeles is a complex, highly diverse urban area that includes 88 cities and a number of unincorporated areas. The largest industries in Los Angeles County are service, retail trade, wholesale trade, finance, insurance and real estate, and manufacturing. However, the “new economy” is largely technology driven as employment growth trends are centered in information. International trade is a major driver of the area's economy.

The Port of Los Angeles/Long Beach and the Los Angeles International Airport are two of the busiest transportation networks in the nation. The Los Angeles Customs District is the nation's largest. The value of two-way trade passing through Los Angeles totaled \$357 billion in 2008. The top five employers in the Los Angeles AA are: the University of California at Los Angeles, Kaiser Permanente, Northrop Grumman, Boeing, and the Kroger Company.

Weak overall employment in the AA is generally reflective of the nationwide economic downturn. Continued contraction in aerospace, construction, and manufacturing in the AA are delaying economic recovery from the prolonged recessionary environment. In December 2010, the Los Angeles unemployment rate was 12.7 percent, which is well above the national rate of 9.0 percent. While the Los Angeles unemployment rate dropped to 11.9 percent in May 2011, job growth trends are reported to be inconsistent among various sectors, and are relatively flat overall.

Housing affordability remains an ongoing problem in the AA (and in Southern California in general). This is due to a number of factors, including the high unemployment rate versus a high median housing value of \$301,000. The 2010 U.S. Department of Housing and Urban Development (“HUD”) report indicates an adjusted median family income for the area of \$63,000. And, among the total population of 9.5 million in the AA, 15 percent are living below the poverty level.

Orange County Assessment Area

The bank has designated the entire County of Orange as a separate CRA AA, which is comprised of 577 census tracts. The AA is situated in the Santa Ana-Anaheim-Irvine MSA. The following chart provides demographic information for the Orange County AA.

| Demographic Information for Orange County | | | | | | |
|---|---------------------|---------------|--|------------------|-----------------|---------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 577 | 3.64 | 26.86 | 33.10 | 36.22 | 0.17 |
| Population by Geography | 2,846,289 | 4.95 | 30.96 | 31.84 | 32.26 | 00.0 |
| Owner-Occupied Housing by Geography | 574,193 | 1.25 | 19.56 | 33.56 | 45.63 | 0.00 |
| Business by Geography | 368,357 | 2.38 | 25.49 | 33.63 | 37.70 | 0.80 |
| Farms by Geography | 3,788 | 2.48 | 26.03 | 32.87 | 38.36 | 0.26 |
| Family Distribution by Income Level | 673,912,15 4,311 | 3.68 | 26.72 | 32.40 | 37.21 | 0.00 |
| Distribution of Low-and Moderate- Income Families throughout AA Geographies | 260,573 | 7.49 | 41.66 | 32.12 | 18.34 | 0.00 |
| Median Family Income (MFI) | | \$69,844 | Median Housing Value (California Association of Realtors – June 2011) | | | \$534,680 |
| HUD Adjusted Median Family Income | | \$84,200 | | | | |
| Households Below the Poverty Level | | 8% | | | | |

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 U.S. Census, 2010 HUD updated MFI, and June 2011 California Association of Realtors

Orange County covers 798 square miles and includes 34 incorporated cities, two national protected areas and several unincorporated areas. The county is not readily identified by a major city as there are no defined urban centers in the AA. The AA is mostly suburban except for a few traditional urban areas in the cities of Anaheim, Santa Ana, Orange, Huntington Beach, and Fullerton. The AA is most famous for its tourism with attractions such as Disneyland, Knott's Berry Farm, and several beaches spanning over 40 miles of coastline.

Economic output and employment is well distributed among various sectors. As of December 2010, the largest industries included trade, transportation and utilities, professional and business services, and leisure and hospitality. The major employers include: the Walt Disney Company, the University of California at Irvine, the County of Orange, St. Joseph Health System, and Boeing.

The State of California Employment Development Department reported an 8.6 percent unemployment rate in the AA, in contrast to the California statewide rate of 11.7 percent rate reported by the U.S. Bureau of Labor Statistics for April 2011. California State University Fullerton's mid-year 2011 economic forecast projects employment in the AA will increase by 1.4 percent, or 18,000 positions.

Affordable housing remains an ongoing problem in the AA. The 2010 Census indicated a median housing value of \$275,476, with values increasing substantially in subsequent years until the recent declines in home values during the recession. As of June 2011, the median housing value was \$534,680, according to the California Association of Realtors.

Ventura County Assessment Area

The bank has designated the entire County of Ventura as a separate CRA AA, which is comprised of 155 census tracts. The AA is situated in the Oxnard-Thousand Oaks-Ventura MSA. The following chart provides demographic information for the Ventura County AA.

| Demographic Information for Ventura County | | | | | | |
|--|-----------|---------------|---|------------------|-----------------|---------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 155 | 4.52 | 23.23 | 27.99 | 26.45 | 0.00 |
| Population by Geography | 753,197 | 3.86 | 29.44 | 44.41 | 27.75 | 0.00 |
| Owner-Occupied Housing by Geography | 164,373 | 1.201.91 | 15.56 | 46.06 | 51.33 | 0.00 |
| Business by Geography | 869,503 | 2.90 | 16.34 | 48.21 | 32.55 | 0.00 |
| Farms by Geography | 1,987 | 4.08 | 20.68 | 54.25 | 20.99 | 0.00 |
| Family Distribution by Income Level | 2,154,311 | 2.96 | 20.54 | 44.70 | 31.79 | 0.00 |
| Distribution of Low-and Moderate-Income Families throughout AA Geographies | 70,030 | 6.15 | 32.34 | 45.40 | 16.11 | 0.00 |
| Median Family Income (MFI) | | \$68,509 | Median Housing Value (California Association of Realtors – June 2011) | | | \$443,290 |
| HUD Adjusted Median Family Income | | \$88,100 | | | | |
| Households Below the Poverty Level | | 7% | | | | |

(*) The NA category consists of geographies that have not been assigned an income classification

Source: 2010 U.S. Census, 2010 HUD updated MFI, and June 2011 California Association of Realtors

Ventura County covers 2,208 square miles and includes 10 incorporated cities, six national protected areas and several unincorporated areas. The largest industries in Ventura County are service, retail trade and finance, insurance, and real estate. The AA has a large presence of technology corporations including telecommunications, healthcare, development, and biotech. The top employers in the Ventura AA include: Ventura County Naval Base, Amgen Inc., Boeing, Bank of America, WellPoint Health Networks, Verizon Communications, Ventura County Health Care Agency, and St. John's Regional Medical Center.

Ventura County is slowly emerging from the 2007 recession, with annual 2012 economic growth projected to be stable. The area's unemployment rate increased significantly as a result of the recession, but has been steadily improving over the past few years.

The median home price for existing single family homes has been declining since May 2007, from a high of \$699,481, to \$443,290 in June 2011. Commercial real estate vacancy rates increased from approximately 15 percent in 2007 to almost 25 percent in 2009. Available commercial real estate has become easier to find due to the economic climate. Non-residential construction activity remains slow.

The area's main competitive advantages include an above average population growth, a skilled labor force, and a prime location. The AA's technology base will also be a growth driver. The expansion of the port area and The California State Channel Island University campus could also benefit the area in coming years.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The Lending Test is rated Satisfactory. During the evaluation period, NBC granted a substantial majority of its loans within the AAs. Of the loans made in the AAs, the bank made 83 percent, 14 percent, and 3 percent in the Los Angeles County, Orange County, and Ventura County AAs, respectively. Thus, more weight was applied to the lending performance in the Los Angeles County AA. The bank's overall performance for the geographic distribution portion of the test reflects reasonable dispersion when compared to area demographics and the bank's performance context. Lending to borrowers of different incomes and to businesses of different sizes portion of the test reflects poor penetration. However, less weight was applied to this portion of the test due to external factors and the overall weak economic conditions.

Loan-to-Deposit Ratio

NBC's loan-to-deposit ("LTD") ratio meets the standard for satisfactory performance and is reasonable given the size, financial condition, and credit needs of the AA. The quarterly average LTD ratio for the previous 15 quarters ending March 31, 2011, was 94 percent.

The bank's average LTD ratio compares favorably to other financial institutions of similar size and location. For the purpose of this evaluation, we compared five similarly situated banks. The average net LTD ratio for the five banks was 93 percent.

Lending in Assessment Areas

NBC's lending in the AAs exceeds the standard for satisfactory performance. A substantial majority of the bank's commercial loans were made within the AAs, both by number and dollar volume. See Table 1 for details.

| Loan Type | Number of Loans | | | | Total | Dollars of Loans (000's) | | | | Total |
|------------------|-----------------|-----|---------|-----|-------|--------------------------|----|---------|---|---------|
| | Inside | | Outside | | | Inside | | Outside | | |
| | # | % | # | % | | \$ | % | \$ | % | |
| Commercial Loans | 339 | 89% | 44 | 11% | 383 | 205,218 | 98 | 60,359 | 2 | 265,577 |

Source: Bank loan data

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The overall performance of lending to businesses with less than \$1 million in revenue does not meet the standard for satisfactory performance and reflects poor penetration when compared to

area demographics. See comments below for the bank's performance in each AA.

The bank's performance of lending to small businesses is adversely affected by the bank's performance context, strong competitive environment, and other comparative factors within each AA. The bank holds less than one percent of the deposit market share in each AA, with four larger institutions holding the majority percentage. Additionally, the weak local economy has resulted in a reduction in lending opportunities to businesses with revenues of less than \$1 million. As a result, it is more difficult to attract qualified small business borrowers.

Performance in the Los Angeles County AA

The bank's distribution of loans to businesses of different sizes reflects poor penetration and is significantly lower than the demographic data in the AA. The bank's performance of lending to businesses of different sizes needs to improve. See Table 2 for details.

| Table 2 - Borrower Distribution of Loans to Businesses in Los Angeles AA | | | | |
|---|--------------|--------------|--------------------------|-------|
| Business Revenues (or Sales) | ≤\$1,000,000 | >\$1,000,000 | *Unavailable/ Unknown | Total |
| % of AA Businesses | 68% | 3% | 29% | 100% |
| % of Bank Loans in AA by # | 42% | 54% | 4%** | 100% |
| % of Bank Loans in AA by \$ | 29% | 54% | 17% | 100% |

*29% of businesses did not provide revenue data

** 4% of newly formed Limited Liability Corporations did not provide revenue data to the bank

Source: Dun and Bradstreet, Bank loan data: 271 loans

Performance in the Orange County and Ventura County AAs

The bank's distribution of loans to businesses of different sizes reflects poor penetration and is significantly lower than the demographics in both AAs. The bank needs to improve the performance of lending to borrowers of different sizes. See Tables 2A and 2B for details.

| Table 2A - Borrower Distribution of Loans to Businesses in Orange AA | | | | |
|---|--------------|--------------|--------------------------|-------|
| Business Revenues (or Sales) | ≤\$1,000,000 | >\$1,000,000 | *Unavailable/ Unknown | Total |
| % of AA Businesses | 68% | 4% | 28% | 100% |
| % of Bank Loans in AA by # | 34% | 66% | 0% | 100% |
| % of Bank Loans in AA by \$ | 30% | 70% | 0% | 100% |

*28 percent of businesses did not provide revenue data

Source: Dun and Bradstreet, Bank loan data: 53 loans

| Table 2B - Borrower Distribution of Loans to Businesses in Ventura AA | | | | |
|--|--------------|--------------|--------------------------|-------|
| Business Revenues (or Sales) | ≤\$1,000,000 | >\$1,000,000 | *Unavailable/ Unknown | Total |
| % of AA Businesses | 70% | 3% | 27% | 100% |
| % of Bank Loans in AA by # | 40% | 60% | 0% | 100% |
| % of Bank Loans in AA by \$ | 22% | 78% | 0% | 100% |

*27 percent of businesses did not provide revenue data

Source: Dun and Bradstreet, Bank loan data: 15 loans

Geographic Distribution of Loans

The overall performance for geographic distribution of loans exceeds the standard for satisfactory performance.

Performance in the Los Angeles County AA

The geographic distribution for CRE loans reflects excellent dispersion in the Los Angeles County AA. NBC's lending to businesses in low- and moderate-income tracts exceeds the demographic data for the Los Angeles County AA. See Table 3 for details.

| Table 3 - Geographic Distribution of Loans to Businesses in Los Angeles AA | | | | | | | | |
|---|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Businesses | % 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 |
| Commercial Loans | 6% | 6% | 19% | 23% | 26% | 29% | 48% | 42% |

Source: 2011 Business Geo-demographic Data; Bank loan data: 271 loans

Note: 1% of census tracts in Geo-demographic data do not include census tract data by income level

Performance in the Orange County and Ventura County AAs

The geographic distribution for CRE loans reflects excellent dispersion in both the Orange County and Ventura County AAs. See Tables 3A and 3B for details.

| Table 3A - Geographic Distribution of Loans to Businesses in Orange AA | | | | | | | | |
|---|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Businesses | % 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 |
| Commercial Loans | 2% | 6% | 25% | 23% | 34% | 39% | 38% | 32% |

Source: 2011 Business Geo-demographic Data; Bank loan data: 53 loans

Note: 1% of census tracts in Geo-demographic data do not include census tract data by income level

| Table 3B - Geographic Distribution of Loans to Businesses in Ventura AA | | | | | | | | |
|--|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|--------------------|----------------------|
| Census Tract Income Level | Low | | Moderate | | Middle | | Upper | |
| Loan Type | % of AA Businesses | % 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 |
| Commercial Loans | 3% | 0% | 16% | 40% | 48% | 7% | 33% | 53% |

Source: 2011 Business Geo-demographic Data; Bank loan data: 15 loans

COMMUNITY DEVELOPMENT TEST

The Community Development Test is rated Satisfactory. During the evaluation period, NBC provided \$5.7 million in community development loans and qualified investments to help meet the community development needs in its AAs. Bank employees provided financial expertise and fundraising efforts to several community development organizations within both the Los Angeles County and Ventura County AAs totaling 449 hours. The bank's community development activities in the Orange County AA reflect poor responsiveness to the needs within that AA. Nevertheless, the level of community development lending and investing activities reflects adequate responsiveness given the bank's performance context and area demographics. More weight was applied to the community development tests in the Los Angeles County AA due to the bank's stronger presence in this area.

Community Development Loans

The overall performance of NBC's community development lending meets the standard for satisfactory performance. The bank originated nine community development loans totaling \$3.4 million. Community development lending totaling \$3.1 million in the Los Angeles County AA reflects adequate responsiveness to the needs in the AA. These loans help to provide 1) affordable housing and community services to low- and moderate-income individuals, 2) homeless shelters, and 3) youth educational programs for low- and moderate individuals. Lending in the Orange County and Ventura County AAs reflect poor responsiveness to the needs in these AAs. The bank granted one loan totaling \$319 thousand in the Ventura County AA. However, the bank did not grant any community development loans in the Orange County AA.

Community Development Investments

The overall performance of NBC's community development investment activities meets the standard for satisfactory performance and reflects adequate responsiveness to the needs within the bank's Los Angeles County AA. During the evaluation period, the bank invested in two federal low-income housing tax credits totaling \$2 million. The investment benefits both the Los Angeles County AA and the broader statewide area. However, the bank's community development investment performance within the Orange County and Ventura County AAs does not meet the standard for satisfactory performance and reflects poor responsiveness to the needs within those AAs. The bank did not have any investment activities in either AA.

NBC made donations totaling \$2,725 to several community organizations within the AAs. The bank made donations in the amount of \$2,125, \$100, and \$500 to the Los Angeles County, Orange County and Ventura County AAs, respectively. These community organizations provide the following services: 1) affordable housing options or alternatives for low- and moderate-income individuals, 2) food bank services for low-income or homeless individuals, 3) free legal services for low- and moderate-income individuals, 4) free computers for children of low-income families, and 5) financial and economic development education services. In addition, NBC donated an additional \$10,500 to several other community organizations. However, these donations did not meet the standards for community development consideration because the primary purpose of the organization does not meet the community development criteria.

Community Development Services

The overall performance of the bank's community development services program meets the standard for satisfactory performance. We evaluated both the bank's retail banking services and community development services. We found the bank's retail banking services to be satisfactory. Community development service performance in the Los Angeles County and Ventura County AA reflect adequate responsiveness to the needs within the AAs. However, the community development services performance in the Orange County AA needs improvement.

Both the level and innovativeness of the bank's community development services are reasonable. Bank employees were involved in numerous volunteer services and activities resulting in over 1000 community service hours in all three AAs. Of these community service hours, 449 hours qualified for community development consideration to six organizations in the Los Angeles County and Ventura County AAs. The bank did not have any community development service hours in the Orange County AA. A sample of activities performed by bank personnel includes 1) active board members to community development organizations, 2) fundraising for community development organizations, and 3) providing financial literacy education programs to low- and moderate income individuals.

The distribution of NBC's branches and service delivery systems are satisfactory and accessible to individuals of different income levels within all AAs. The bank has six full-service branch locations. Branch hours are convenient to individuals. The bank offers 24-hour internet banking services. Additionally, the bank offers telephone transaction services via Telebank. While the bank does not have Automatic Teller Machines (ATMs) at any branch location, the bank is a member of the STAR, MasterCard and Intercept networks for debit cards.

RESPONSES TO COMPLAINTS

The bank has not received any complaints associated with its CRA performance.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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