



## **PUBLIC DISCLOSURE**

May 26, 2015

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

American Plus Bank, National Association  
Charter Number 24716

630 West Duarte Road  
Arcadia, CA 91007

Office of the Comptroller of the Currency

550 North Brand Boulevard  
Suite 500  
Glendale, CA 91203-1985

**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 major factors that support this rating include:

- The bank's loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and business strategy.
- The bank originated a majority of its loans within its delineated assessment area.
- The geographic distribution of loans reflects reasonable dispersion.
- Lending among borrowers of different income levels reflects excellent penetration.

### **Scope of Examination**

This Performance Evaluation (PE) assesses the Community Reinvestment Act (CRA) performance of American Plus Bank, N.A. ("American Plus" or "bank") using the lending test criteria for small bank examinations. We performed a full-scope examination of the bank's Los Angeles County assessment area (AA). To assess the bank's lending performance, we evaluated a random sample of commercial loans originated or purchased from January 1, 2013 through December 31, 2014 (sample period), as this was most representative of the bank's lending strategy since the last CRA evaluation. We focused our review on commercial loans because they represented the bank's primary product based on the number and dollar volume of loan originations during the sample period.

### **Description of Institution**

American Plus Bank, N.A. is a minority-owned institution that began operations in 2007. It is not a subsidiary of a holding company and has no affiliate relationships. The bank currently has three branches, with the headquarters located in Arcadia, CA. The bank's other two branches are located within Los Angeles County in Rowland Heights and Pasadena. The Pasadena branch is the bank's newest branch that opened in August 2014. All three locations are in upper-income census tracts.

The bank's primary strategy is providing personalized banking services to small and medium-sized businesses, business professionals, real estate developers/investors, and residents of Arcadia and surrounding communities in the Western San Gabriel Valley market area. The bank offers traditional banking products and services, but does not own or operate any automated teller machines.

As of December 31, 2014, American Plus reported total assets of \$303 million, total loans of \$270 million, total deposits of \$230 million, and total equity capital of \$45 million. Total loans represented approximately 89.0 percent of total assets. The following chart summarizes the loan portfolio by major product types.

<b>American Plus Bank, N.A. Outstanding Balances by Major Product Type as of December 31, 2014</b>		
<b>Loan Type</b>	<b>(\$000's)</b>	<b>Percent</b>
Commercial RE	137,669	51.0%
1-4 Family Residential RE	70,597	26.1%
Construction	30,719	11.4%
Multifamily Residential RE	24,370	9.0%
Commercial-Industrial	6,820	2.5%
Total	270,175	100.0%

There are no financial or legal factors that impede the bank's ability to meet the credit needs of the communities it serves. American Plus received a "Satisfactory" rating under the "Small Bank" rating criteria at the prior CRA examination dated August 6, 2010.

## **DESCRIPTION OF ASSESSMENT AREA**

American Plus has designated Los Angeles County as its AA. The AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income (LMI) geographies. It includes the 2,346 census tracts in the Los Angeles-Long Beach-Glendale Metropolitan Division (MD). Nine percent of the census tracts are low-income, 28.0 percent are moderate-income, 27.0 percent are middle-income, 34.0 percent are upper-income, and 2.0 percent of the census tracts have not been assigned an income classification. American Plus helps meet community credit needs in the Los Angeles AA through its three offices.

The AA is part of the Los Angeles-Long Beach-Glendale Metropolitan Statistical Area (MSA). Los Angeles County is located in southern California and covers over 4,000 square miles. It has an extensive transportation network, including seaports and airports, freeway systems, mass transit systems, rail systems, and cross-country railroads. The neighboring counties include Orange to the southeast, Kern to the north, San Bernardino to the east, and Ventura to the northwest. There are 88 incorporated cities in Los Angeles County and many unincorporated areas. The northern half of the county is lesser populated in inland areas; however, the southern half of the county is heavily urbanized. Based on the 2010 U.S. Census, the updated population in the Los Angeles County AA is 9.8 million.

The banking environment in the AA is highly competitive. The June 30, 2014 FDIC Deposit Market Share Report indicates that 111 institutions with 1,811 offices compete for deposits in Los Angeles County. The major competing institutions include Bank of America, N.A., Wells Fargo Bank, Union Bank, JPMorgan Chase Bank, City National Bank, and Citibank, N.A. These banks collectively hold 6.07 percent of the deposit market share. American Plus ranks 63rd and holds a market share of 0.07 percent.

The banks that compete for deposits in the AA also compete for loans. In addition, there are numerous other institutions in the AA that do not collect deposits but do compete for loans in the AA, making it even more difficult for banks to compete for loans than deposits.

Los Angeles County has a diverse economic base. Historically, the leading industry clusters were tourism and hospitality, professional and business services, entertainment (motion picture and TV production), wholesale distribution, and health services and biomedical. More recently, the Los Angeles County economy has been largely technology driven, specifically the bio-medical, digital information technology, and environmental technology sectors, all of which build on the vibrant technical research capabilities in the county. The county also is the largest manufacturing center in the United States, and the seaports and airports support international trade. The Port of Los Angeles/Long Beach and the Los Angeles International Airport are two of the busiest transportation networks in the nation. The top employers are Kaiser Permanente; University of California Los Angeles; Northrop Grumman Corporation; University of Southern California; Target Corporation; Kroger Corporation; Cedars Sinai Medical Center; Bank of America Corporation; The Boeing Company; Providence Health Systems; The Home Depot, USA Inc.; Vons; Wells Fargo; Edison International; and AT&T.

The economy in the AA showed strong signs of improvement during the review period. In April 2013, the unemployment rate dropped below 10.0 percent for the first time in four years. According to the Employment Development Department (EDD), the current unemployment rate for Los Angeles County is 7.5 percent as of December 2014. This is above the 6.7 percent unemployment rate for the State of California and the 5.6 percent national unemployment rate but still a vast improvement from the recent severe recession.

We participated on a conference call with several development organizations that provide credit resources to small businesses in underserved communities in Los Angeles County. We also contacted a national organization that provides capital and solutions to develop affordable housing for LMI persons and communities across the country, an ongoing need in the AA. The representatives we spoke with stated that high unemployment is still a major issue. Small business financing and technical assistance are a concern and still needed. Entrepreneurship is more visible in this county than in other areas of the state. Affordable housing is a challenge, and the high foreclosure rate continues to be an issue.

## **Conclusions with Respect to Performance Tests**

American Plus' performance under the CRA Lending Test is "Satisfactory". The bank exceeds the standard for satisfactory performance on two tests, and meets the standard for satisfactory performance on two tests.

### Loan-to-Deposit Ratio

American Plus' loan-to-deposit (LTD) ratio is more than reasonable given the bank's size, financial condition, and local economic conditions. We evaluated the bank's quarterly average LTD ratio for the 20 quarters since the prior CRA examination through December 31, 2014. During this period, the bank's LTD ratio averaged 102.0 percent. This ratio ranged from a quarterly low of 90.0 percent to a quarterly high of 115.0 percent during the period. The bank's LTD ratio compares favorably with five other banks of similar asset size in the AA. The average LTD ratio for its peer banks was 95.0 percent over the same period, and the ratios ranged from a low of 88.0 percent to a high of 115.0 percent.

### Lending in Assessment Area

American Plus granted a majority of the number and dollar volume of loans inside its delineated AA and meets the standard for satisfactory performance. The bank granted 75.0 percent of the number of loans and 67.0 percent of the dollar volume within its delineated AA during our evaluation period. See Table 1 for details.

Table 1 - Lending in Defined Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (\$000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial Loans	15	75	5	25	20	14,272	67	7,043	33	21,315

Source: OCC commercial loan sample.

### Lending to Businesses of Different Sizes

The bank's distribution of loans to businesses of different sizes reflects excellent penetration compared to area demographics, and exceeds the standard for satisfactory performance. The percentage of businesses with revenues of \$1 million or less within the AA is 73.0 percent. Based on our sample of 20 loans within the AA, the bank originated 80.0 percent of their loans by number and 92.0 percent by dollar volume to these businesses. See Table 2 for details.

Table 2 - Borrower Distribution of Loans to Businesses in Los Angeles County AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Business	72.92	5.03	22.05	100%
% of Bank Loans in AA by #	80.0	20.0	0.0	100%
% of Bank Loans in AA by \$	92.4	7.6	0.0	100%

Source: Dunn and Bradstreet reported revenue data. OCC commercial loan sample.

### Geographic Distribution of Loans

The geographic distribution of American Plus' commercial loans reflects reasonable dispersion throughout the AA compared to area demographics, and meets the standard

for satisfactory performance. The level of the bank's lending to businesses in low-income census tracts is near the area demographics while the level of lending to businesses in moderate-income census tracts exceeds the area demographics. See Table 3 for details.

Table 3 - Geographic Distribution of Loans to Businesses in Los Angeles County 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	6.4	5.0	18.1	25.0	25.3	25.0	48.9	45.0

*Source: Dunn and Bradstreet business data by geographic location. OCC commercial loan sample (Note: 1.3 percent of geographies have not been assigned an income classification.)*

### Responses to Complaints

The bank has not received any complaints about its performance under the Community Reinvestment Act during the evaluation period.

### Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.