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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**December 31, 1996**

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**JCB Bank, N.A.  
Charter Number 18788**

**626 Wilshire Boulevard, Suite 200  
Los Angeles, CA 90017**

**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 **JCB Bank, N.A.** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of December 31, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

### **Scope of the Examination:**

We evaluated the bank's CRA performance since the last examination dated October 1995, using CRA examination procedures for Wholesale/Limited Purpose Institutions. We assessed the bank's qualified community development investment and services originated during the evaluation period. We also held meetings with community contacts to ascertain the assessment area's needs and to assess the bank's participation in meeting those needs.

**Institution's CRA Rating:** This institution is rated "**Satisfactory.**"

JCB Bank, N.A. has reasonably met its CRA responsibilities, consistent with its designation as a limited purpose institution. The bank has a qualifying investment in one community development organization, in addition to providing assistance to the organization.

## **DESCRIPTION OF INSTITUTION:**

JCB is a limited purpose bank chartered within the criteria set by the Competitive Equality Banking Act (CEBA) for the specific purpose of engaging in credit card operations. CEBA banks are restricted from offering most products and services common to full service banks, such as granting or purchasing commercial, residential, or retail oriented loans, other than credit card loans. The bank also does not accept demand deposits. The prohibitions limit JCB's ability to participate in community development lending and until recently, limited investments as well. The bank's request for designation as a limited purpose bank under the Community Reinvestment Act (CRA) was approved on January 23, 1996. At that time, the bank agreed to be examined under the community development test for limited purpose banks. Information regarding the community development test is detailed in 12 CFR 25.25.

JCB is wholly owned by JCB International Credit Card Co., Ltd. (JCB USA) which is a wholly owned subsidiary of JCB, Ltd. (JCB Tokyo, Japan). The bank is located in downtown Los Angeles, California. There are 42 employees at the location, all of whom are employed by JCB USA. JCB USA lends four employees to work approximately 45 percent of their time at JCB. There are no other banking offices located in the United States. JCB is an insured depository institution within the meaning of the Federal Deposit Insurance Act and as such is subject to CRA. The bank's previous CRA examination, dated October 1995, resulted in a "Satisfactory" rating.

There are many financial institutions located within the bank's assessment area. As of December 31, 1996, the bank had total assets of \$2.7 million. Assets are centered in credit card receivables. Since its inception in May 1993, the bank has been unable to generate a profit.

The bank's narrow target market of Japanese expatriates has not resulted in the desired volume of credit card accounts. As of December 31, 1996, the bank had 4,460 credit card accounts. Consequently, the bank has broadened their target market to include the local Asian community in general.

## **DESCRIPTION OF ASSESSMENT AREA:**

JCB's assessment area includes the communities of: Chinatown, Little Tokyo, Central Los Angeles, Crenshaw, Boyle Heights, Central City, Vernon, Baldwin Hills, and Leimert. All of the bank's communities are located in the Los Angeles Metropolitan Statistical Area (MSA). Based on the 1990 census data, the MSA's median income is \$39,000. The bank's assessment area contains 203 census tracts, with a population of one million. Of the 203 tracts, 86 are low-income and 94 are moderate-income tracts, representing 42% and 46% respectively of the total number of tracts in the assessment area. Recent community contacts performed by regulatory agencies indicate that the needs of the local community are affordable housing and loan products tailored for small businesses.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :**

The bank's performance was evaluated based on the capacity of the bank to meet community needs and on its record of direct community involvement. Community development is defined by CRA as providing affordable housing for low- and moderate-income individuals, community services that are targeted to low- and moderate-income individuals, activities to promote economic development through financing of small businesses and farms, and activities that revitalize low- and moderate-income areas. The bank is restricted from making or purchasing community development loans by CEBA charter restrictions.

JCB's participation in community development activities and services is consistent with the bank's resources. The bank, although limited by charter restrictions, is responsive to the primary needs of the community. The bank has developed a partnership with Los Angeles Neighborhood Housing Services (LANHS) whose goal is to promote the restoration and revitalization of targeted neighborhoods within the City of Los Angeles. JCB's CRA Officer provides weekly credit awareness training for local community residents. This education is associated with the LANHS home buyers education program for local community residents purchasing homes. The CRA Officer spends approximately 250 hours annually representing the bank in this endeavor. Additionally, the officer is a director of LANHS and chairperson of the small business loan group whose objective is to provide loans of \$2,500 to \$15,000 to small businesses. This activity represents approximately 50 hours annually of bank time spent on community development services.

On October 15, 1996, the JCB Board of Directors approved a five year \$50,000 debt investment to LANHS. At this time the investment represents 20 percent of LANHS' total loan pool. This investment, along with similar investments of the four other partnership banks, will be used to provide term loans to small businesses.

The bank is also committed to pay a quarterly fee to LANHS in the amount of \$1,500. This fee is used for operating expenses such as marketing, education, and loan service delivery.

## **COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS:**

Our examination did not disclose any violations of the substantive provisions of the antidiscrimination laws and regulations.