



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

Western District
50 Fremont Street, Suite 3900
San Francisco, California 94105
(415) 545-5900

PUBLIC DISCLOSURE

July 21, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Hacienda National Bank
21519**

**361 Town Center West
Santa Maria, California 93456**

<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 supervisor or 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 **Hacienda National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of July 21, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.*

INSTITUTION'S CRA RATING: This institution is rated “**Satisfactory**”.

DESCRIPTION OF INSTITUTION:

Hacienda National Bank (“HNB”) is a single branch, \$22 million, community bank located in Santa Maria, California that opened on January 19, 1988. Santa Maria is located approximately 170 miles north of Los Angeles. The bank also has an ATM machine at the adjacent Santa Maria Town Center Mall.

HNB has both a small business and consumer focus. They offer business loans, personal real estate mortgage loans and various consumer loans. They also provide several deposit account products for business and consumer clients. As of June 30, 1997, business loans, personal real estate mortgage loans, and other consumer loans were \$7 million, \$3 million and \$2 million respectively and represented 59%, 21% and 20% of net loans outstanding. HNB sold approximately 95% of the personal real estate mortgage loans they originated to the secondary mortgage market.

The bank's overall condition is satisfactory and no financial or legal impediments exist which affect the bank's ability to meet the credit needs of its community. Their primary lending competition is from two local savings and thrift associations and branches of large multinational banks. The city of Santa Maria and its surrounding communities have recently started to recover from a prolonged recession.

DESCRIPTION OF ASSESSMENT AREA:

HNB’s assessment area (“AA”) meets the requirements of the regulation and does not exclude low-and-moderate income areas. It encompasses 20 contiguous census tracts in the northwestern corner of Santa Barbara County. The AA includes the city of Santa Maria and the surrounding communities of Guadalupe, Arroyo Grande and Atascadero. The AA consists of no low-income census tracts, seven moderate-income census tracts, ten middle-income census tracts and three upper-income census tracts.

Based upon 1990 U. S. Census data, total persons residing in the bank’s AA is 99,023. The AA is comprised of 6,065 (24%) low-income families, 5,283 (21%) moderate-income families, 5,940 (23%) middle-income families and 8,227 (32%) upper-income families. The median housing value is \$153,450 and the median family income is \$41,289. The major employers in Santa Maria are from the agriculture, retail and service related industries.

As part of this examination, we received information from local civic and government organizations. The primary credit needs in the AA are for personal real estate and businesses loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

This analysis is based on HNB’s lending activity for the period January 1996 through June 1997 and includes loans originated and sold in the secondary mortgage market.

Lending in the Assessment Area

HNB’s lending within their AA is satisfactory. The bank originated a majority if its loans, by dollar amount and number, within its AA. Please refer to the chart below.

LENDING WITHIN THE ASSESSMENT AREA		
Total Loans By Dollar Amount and Number Originated	Total Loans Made within Their Assessment Area	Percentage
\$10,950,407	\$8,950,407	81%
169	152	90%

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

HNB has a satisfactory record of lending to individuals of different income levels and to businesses with annual revenues of less than \$1 million dollars (small businesses). We sampled 20% of the 113 personal real estate mortgage loans originated from January 1996 through June 1997. And we sampled 20% of the 56 new loans to businesses from January 1996 through June 1997.

The following chart illustrates the results of the personal real estate mortgage loan sample.

EXTENSIONS OF CREDIT TO INDIVIDUALS OF DIFFERENT INCOME LEVELS		
Income Level of Borrower	% of Real Estate Loans by Borrower Income Level	% of Families Within the Assessment Area by Income Level
Low Income	10%	21%
Moderate Income	32%	20%
Middle Income	16%	23%
Upper Income	42%	36%
TOTAL	100%	100%

The bank originated 10% and 32% of its personal real estate mortgage loans to low-and moderate-income individuals. The bank has a reasonable distribution of loans to all income levels.

The following table summarizes our sample of loans to small businesses.

EXTENSION OF CREDIT TO BUSINESSES OF DIFFERENT SIZES				
Revenue Category	# of Loans	% of Sample (#)	\$ of Loans	% of sample (\$)
Revenue < or equal to \$1 million (small business)	6	55%	\$1,406,729	67%
Revenue > \$1 million	5	45%	\$708,500	33%
TOTAL	11	100%	\$2,115,229	100%

The results of our business loan sample review showed that a majority of HNB's business loans are to small businesses with annual revenues of \$1 million or less.

Geographic Distribution of Loans

HNB's distribution of credit among the geographies (census tracts) is satisfactory. The bank penetrated 43% of the moderate, 70% of the middle and 33% of the upper income census tracts. There are no low income census tracts. The total dollars loaned in the AA were distributed among the census tracts as follows: 26% in moderate, 66% in middle and 8% in upper income tracts. Competition for loans among the financial institutions is strong.

Loan to Deposit Ratio:

HNB's eight quarter average loan to deposit ratio compares favorably with other similarly situated institutions. Those other institutions are similar in location and business focus. As of June 30, 1997, the bank's eight quarter average loan to deposit ratio is 56%. The eight quarter average loan to deposit ratio of similarly situated institutions is 67%. HNB's loan to deposit ratio does not include loans sold to the secondary mortgage market.

Discriminatory Practices

We completed a Fair Lending examination as of June 30, 1997 and found no evidence of discriminatory lending practices. The bank complies with the provisions of the anti-discrimination laws and regulations.

Review of Complaints

There were no complaints received regarding this institution's CRA performance.