



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

August 28, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Monument National Bank
Charter Number 18156**

**1450 North Norma Street
Ridgecrest, California 93555**

**Office of the Comptroller of the Currency
Western District
50 Fremont Street, Suite 3900
San Francisco, California 94105
(415) 545-5900**

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.
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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 **Monument National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of August 28, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

Monument's loan to deposit ratio is reasonable. A majority of the bank's loans are made within its assessment areas. The bank's record of lending to businesses of different sizes is satisfactory.

The following table indicates the performance level of **Monument National Bank** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	Monument National Bank Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans	Not Meaningful		
Response to Complaints	No complaints were received since the last exam		

DESCRIPTION OF INSTITUTION:

Monument National Bank (Monument) is a \$13 million commercial bank that opened for business in March 1984. The bank is headquartered in Ridgecrest, CA, a high desert community located about 150 miles northeast of Los Angeles, CA. Monument has four branches, with each branch located in a distinct assessment area. The main branch is located in Ridgecrest, CA in Kern County. The bank also has branches in Bishop, CA (130 miles north of Ridgecrest, CA in Inyo County), Mammoth Lakes, CA (150 miles north of Ridgecrest, CA in Mono County), and June Lake, CA (170 miles northwest of Ridgecrest in Mono County). The June Lake branch has the bank's only automated teller machine (ATM). Monument's last Community Reinvestment Act Performance Evaluation in June 1993 resulted in a rating of "Satisfactory Record of Meeting Community Credit Needs".

Monument's focus is on commercial loans to small business customers. The primary competition comes from the branches of two major banks and two credit unions. The loan portfolio at June 30, 1996 consisted of 53% commercial loans and 47% commercial real estate loans. Monument has no impediments to lending other than its size.

DESCRIPTION OF ASSESSMENT AREAS:

Monument has four Assessment Areas within three California counties. The Ridgecrest Assessment Area (RAA) consists of five census tracts within one Metropolitan Statistical Area (MSA) in Kern County. All five of the census tracts in the area are high income tracts. The population in the area is 31,930. The Naval Air Warfare Center at China Lake is the major source of employment in the area. The U.S. Census 1990 Median Family MSA Income in the area is \$31,714. The area has been impacted by the reduction in spending by the U.S. Department of Defense (DOD).

The Bishop Assessment Area (BAA) consists of four census tracts located in the non-MSA county of Inyo. The area has two upper income census tracts, one middle income census tract, and one moderate income census tract. The population in the area is 12,355. The primary source of employment in the area are small businesses related to tourism. The area offers year round recreational activities including camping, hiking, fishing, and skiing. The U.S. Census 1990 Median Family Non-MSA Income in the area is \$29,947.

The Mammoth Lakes Assessment Area (MLAA) consists of one census tract located in the non-MSA county of Mono. The one census tract in the area is middle income. The population in the area is 5,171. The primary source of employment in the area are small

businesses that cater to the ski and tourism industries. The U.S. Census Median Family Non-MSA Income in the area is \$29,947.

The June Lake Assessment Area (JLAA) consists of one census tract located in the non-MSA county of Mono. The one census tract in the area is an upper income tract. The population in the area is 4,785. The primary source of employment in the area are small businesses that cater to tourists. The area offers skiing in the winter and fishing in the spring and summer. The U.S. Census Median Family Non-MSA Income in the area is \$29,947. All of the assessment areas are legal and meet the requirements of the CRA regulation, and do not arbitrarily exclude low- and moderate-income areas.

As part of this examination we conducted community outreach with local community and government organizations. Through these activities we noted that the primary credit need in each of the assessment areas is for small business loans and business start-up loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan to Deposit Ratio :

Monument's loan to deposit ratio is comparable to that of similarly situated banks. The bank's loan to deposit ratio has averaged 76% over the last two years. The two year average loan to deposit ratio of three similarly situated banks with less than \$60 million in assets located in the bank's MSA ranged from 69% to 76% for the same time period. During this period, the bank has steadily increased its loan to deposit ratio as its loan portfolio quality, and the local economy have stabilized.

Lending in Assessment Areas:

Monument's performance in lending within its Assessment Areas is satisfactory. We sampled the bank's two main loan products: commercial loans and commercial real estate. The sample included twenty (seventeen percent) of the one hundred seventeen loan relationships in the bank. The table below illustrates that a majority of the loans reviewed in the sample were made inside the bank's assessment areas.

**Loans Made within the Assessment Area
Sample Findings**

Total Sample Loans by Dollar Amt and #	Total Sample Loans Made Within the Assessment Area	Percentage
\$3,584M	\$2,909M	81.11%
20	17	85.00%

Lending to Businesses of Different Sizes:

We used the loan sample listed above to review the bank’s record of lending to businesses of different sizes. Since the bank is not engaged in any consumer lending, we focused on determining the level of lending to businesses with revenues of one million or less. We found that the bank has been effective in lending to small businesses. The table below shows that a majority of the bank’s loans are made to small businesses.

**Loans to Businesses of Different Sizes
Sample Findings**

Size of Business	Commercial Real Estate loans	Commercial Loans
Revenues of \$1,000,000 or less	92%	71%
Revenues greater than \$1,000,000.	8%	29%

As illustrated above we found that a majority of the commercial real estate and commercial loans were made to small businesses (businesses with revenues of one million dollars or less).

Geographic Distribution of Loans:

The geographic distribution of loans would not be meaningful as there are zero low income census tracts in any of the four assessment areas and only one moderate income census tract in one of the assessment areas. The one moderate income census tract is located in a residential section with few businesses. Since the bank is engaged in lending only to businesses, analysis of lending within the one moderate income census tract would not be meaningful. Therefore no analysis of the geographic distribution of loans was performed during this examination.

Response to Complaints:

There were no complaints received since the last examination.

Discriminatory Practices:

We found no evidence of any prohibited discriminatory practices in our fair lending review. The bank complies with the provisions of the anti-discrimination laws and regulations.