



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 12, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**DE ANZA NATIONAL BANK
Charter Number 17367**

**7710 Limonite Avenue
Riverside, California 92509**

**Comptroller of the Currency
721 South Parker Street, Suite 170
Orange, California 92868**

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 **De Anza National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, **as of January 12, 1998**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 25.*

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

De Anza National Bank demonstrates a commitment to serve the communities in which it operates.

- The bank's loan-to-deposit ratio is reasonable given the bank's size, condition, and assessment area credit needs. The ratio is comparable to similar size financial institutions within Riverside and San Bernardino counties.
- The bank originated a majority of its loans within its assessment area.
- The bank lends to businesses of different sizes and borrowers of different income levels.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The bank received no CRA related complaints.

DESCRIPTION OF INSTITUTION:

De Anza National Bank opened in 1982 as a full-service commercial bank. The three bank offices are located at the western end of Riverside County in the communities of Jurupa, Mira Loma, and the city of Riverside. The Jurupa and the Mira Loma branches contain proprietary, deposit-taking automatic teller machines (ATMs). DNB Financial, a one-bank holding company, owns the bank.

There are no financial or legal impediments that hinder the bank's ability to meet the credit needs of its community. As of December 31, 1997, the bank reported total assets of \$72 million centered in loans. The bank's primary business focus is small business and commercial real estate lending. The following chart reflects the bank's loan portfolio by major product type.

**Loans Outstanding by Major Product Type
As of December 31, 1997**

Loan Type	Loan \$ Volume	% Loans by \$	# Loans	% Loans by #
Commercial Real Estate & Farmland	24,616,300	54%	103	24%
Commercial & Leases	11,156,689	24%	156	37%
Construction & Land	4,418,733	10%	6	1%
Consumer	3,068,289	7%	130	30%
Real Estate 1-4 Family Residential	2,270,072	5%	33	8%
Total	45,530,083	100%	428	100%

The last CRA performance evaluation in February 1995 rated the bank as "Satisfactory."

DESCRIPTION OF DE ANZA NATIONAL BANK'S ASSESSMENT AREA:

De Anza National Bank's assessment area consists of the city of Riverside, the adjacent county of Riverside census tracts, and the city of Norco. The assessment area, comprising 45 census tracts, is located in the Riverside-San Bernardino Metropolitan Statistical Area (MSA). The assessment area complies with regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies. A description follows.

**Assessment Area
Composition by Income Level of Census Tracts**

Census Tract Type	# Tracts	% of Tracts by #
Low Income	2	4 %
Moderate Income	8	18%
Middle Income	22	49%
Upper Income	13	29%
Total	45	100%

The population of Riverside is approximately 224,100. Median family income is \$37,274, and median housing value is \$138,059 based on 1990 U.S. Census data. The local economy is centered in services, trade, manufacturing, real estate development and government. Most sectors are showing positive trends following a prolonged recovery from the recession. Recent 1997 economic reports show improvement over last year both in retail sales and unemployment levels. Retail sales increased by about 8% for the first quarter to \$5.3 billion from the same period the previous year. Area unemployment dropped to 7.6% during the month of September versus 8.3% for the same month the previous year, reflecting the overall improving economy in Southern California.

Numerous local banks and financial institutions serve the assessment area and provide strong competition for a market share. Through community contacts with the Chamber of Commerce and Community Development organizations during the past year, we determined there is a need for small loans to businesses

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The bank's satisfactory commitment to the Community Reinvestment Act is reflected in the performance criteria explained below.

Loan-to-deposit Ratio

The bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The average loan-to-deposit ratio over the eight quarters ending September 30, 1997, is 64%. The quarterly ratio moved upward from a low of 60% in December 1995 to 68% in September 1997. The bank's 64% average ratio is similar to the 67% for Riverside and San Bernardino financial institutions with total assets between \$40 million and \$125 million.

Lending in Assessment Areas

The bank originated a majority of the number and dollar volume of its loans within its assessment area. We prepared the following analysis based upon the bank's location report. We tested the report for accuracy.

Lending Inside and Outside the Assessment Areas Loan Originations from January 1997 to December 1997

	# of Loans	% of Loan by #	Loans by \$ (000s)	% of Loan by \$
In Assessment Areas	311	73 %	\$30,000	66 %
Out of Area	117	27 %	\$15,530	34 %
Total	428	100 %	\$45,530	100 %

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

The bank's lending to businesses of different sizes and borrowers of different income levels is reasonable given the assessment area demographics. The following chart shows the bank's lending among different borrowing groups. We determined the chart data from a sample of business and consumer loans originated during 1997.

Lending to Businesses of Different Sizes Sample of Loan Originations during 1997

	# Business Loans	% Loans by #	\$ Business Loans (000s)	% Loans by \$
Loans to Small Businesses (Revenue < \$1 Million)	18	60 %	\$ 8,071	63 %
Loans to Large Businesses (Revenue >\$1 Million)	12	40 %	\$ 4,809	37 %
Total Business Loans Sample	30	100%	\$12,880	100%

**Lending to Borrowers of Different Incomes
Sample of Loan Originations during 1997**

HUD Median Family Income \$37,945	# Loans	% Total (#)	\$ Loans (000s)	% Loans (\$)
Low Income	1	4%	\$ 7	1%
Moderate Income	7	32%	\$ 76	13%
Middle Income	2	9 %	\$ 29	5%
Upper Income	12	55 %	\$470	81%
Total Loans	22	100%	\$582	100%

The bank fulfills its assessment area's need for small loans to businesses and consumers. The following chart reflects the bank's distribution of loan originations by loan size.

**Distribution of Business & Consumer Lending by Loan Size
Sample of Loan Originations During 1997**

Loan Originations	# Business Loans	% Business Loans (#)	# Consumer Loans	% Consumer Loans
\$0- \$10,000	6	4 %	60	45 %
\$10,001 - \$50,000	54	33 %	32	24 %
\$50,001 - \$100,000	25	16 %	18	14 %
\$100,001 - 250,000	42	26 %	18	14 %
\$250,001 - \$500,000	20	12 %	4	3 %
\$500,001 - \$1,000,000	15	9 %	0	0 %
Total	162	100%	132	100%

The bank's many loans to local community Future Farmers of America (FFA) participants enhances its record of lending. The FFA loans, using flexible underwriting criteria, help meet credit needs and provide small business training to students. The bank is the only financial institution providing FFA credit to these students. The bank provided FFA participants 28 loans ranging from \$95 to \$1,500 during 1997.

Geographic Distribution of Loans

The bank's lending is reasonably distributed in the assessment area. Lending activity in different income-level census tracts is comparable to demographic information. The bank had an outside firm geocode their loan portfolio in August 1996. To determine current lending patterns, we geocoded a sample of loans originated during 1997. The chart below shows the vendors and our sample findings, and compares them to the various income-level census tracts that comprise the assessment area.

Lending in Riverside Assessment Area (AA) - By Census Tract (CT) Type

Census Tract Income Type	% of AA	Loans (1996 all) in Tracts by (#)	Loans (1997 new) Tracts by (#)	% of Loans by (#)	Loans (1996 all) in Tracts by (\$) 000s	Loans (1997 new) Tracts by (\$)	% of Loans by (\$)
Low	4%	-0-	-0-	-0-	-0-	-0-	-0-
Moderate	18 %	63	9	23 %	\$6,165	\$736	20 %
Middle	49 %	98	20	37 %	\$7,685	\$2,025	29 %
Upper	29 %	106	21	40 %	\$14,968	\$2,287	51 %
TOTALS	100%	267	50	100%	\$28,818	\$5,048	100%

[Note: The two low-income census tracts provide little or no lending opportunities because the tracts consist of the University of California at Riverside and the Norco Armory.]

Responses to Complaints

The bank has received no CRA-related complaints since the last CRA performance evaluation.

Fair Lending Analysis

The bank is in compliance with Fair Lending laws and regulations. Our fair lending review, conducted along with this examination, found no unusual patterns or discriminatory lending practices.