



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 31, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Vineyard National Bank
Charter Number 17089**

**9590 Foothill Boulevard
Rancho Cucamonga, California 91730**

**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 **Vineyard National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of October 31, 1997. 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.**”

Vineyard National Bank is committed to serving the communities in which it operates. Its lending performance throughout the assessment area is satisfactory.

- During 1997, 59% of loans originated were to borrowers within the bank’s assessment area.
- The loan-to-deposit ratio exceeds the ratios of similar banks.
- Lending to borrowers of different incomes and to business of different sizes is satisfactory.
- The geographic distribution of loans reflects less than satisfactory dispersion throughout the assessment area.

DESCRIPTION OF INSTITUTION

Vineyard National Bank (VNB) is a full service commercial bank headquartered in Rancho Cucamonga, California. VNB is a wholly-owned subsidiary of Vineyard National Bancorp. The bank has five branches in its assessment area: the main office in Rancho Cucamonga and branches in Chino, Crestline, Diamond Bar, and Blue Jay. There are automatic teller machines (ATMs) at each branch and one offsite ATM located near the Blue Jay Branch. As of September 30, 1997, the bank reported total assets of \$117 million.

The bank is primarily a consumer lender with instalment loans representing 41% of the loan portfolio. The indirect dealer loan program is the bank's major loan product. Although commercial real estate loans represent 37% of the current portfolio, activity in this area is minimal. The following chart reflects the bank's major loan products:

LOANS BY MAJOR PRODUCT TYPE -As of September 30, 1997

Loan Type	Amount Outstanding (\$)	% of Total Loans
Commercial Loans	11,137	12%
Commercial Real Estate Loans	33,964	37%
Installment Loans	37,257	41%

There are no financial or legal impediments to the bank's ability to meet the credit needs of its community. The bank was rated "Satisfactory" at the previous CRA examination dated March 29, 1995.

DESCRIPTION OF VINEYARD NATIONAL BANK'S ASSESSMENT AREA

The bank's assessment area is comprised of 92 census tracts within the counties of San Bernardino and Los Angeles. The area represents those census tracts within a five mile radius of the bank's branches. The following chart represents a breakdown of the assessment area census tracts by income category:

ASSESSMENT AREA COMPOSITION

Census Tract Type	Number of Tracts in Area	Percent of Assessment Area (#)
Low	1	1%
Moderate	12	13%
Middle	40	44%
Upper	37	40%
N/A	2	2%
TOTAL CENSUS TRACTS	92	100%

There are 821,354 residents in the assessment area with a median family income of \$46,007 based on 1990 census data. The area is primarily residential, with light industry and support services. The median housing value is \$181,835. The economy is improving with broadening job creation and lower unemployment. Home sales are rising, residential prices have stabilized, and home construction is beginning to grow. Industrial real estate and logistic industries are experiencing strong growth.

Local community and community development organizations indicate that loans for small businesses and affordable housing are a significant credit need in the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan to Deposit Ratio

The bank's loan-to-deposit ratio exceeds standards for satisfactory. The loan-to-deposit ratio averaged 82% over the last eight quarters and has ranged from 75% to 91%. This far exceeds the 64% average of other local banks of similar size.

Lending in Assessment Area

Lending within the assessment area is satisfactory. A majority of loans, by volume and dollar, were in the assessment area. We reviewed 48% of the banks commercial loans and all consumer loans made between January 1, 1997, and September 30, 1997. Our analysis was based on bank-provided data which we tested for accuracy. The following chart reflects the distribution of loans that we reviewed:

LENDING INSIDE AND OUTSIDE OF AREA JANUARY 1, 1997 TO SEPTEMBER 30, 1997

Location	Loans (#)	% Loans (#)	Loans (\$) (000)	% Loans (\$)
In Area	292	61%	4,794	59%
Out of Area	189	39%	3,309	41%
Total	481	100%	8,103	100%

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

VNB's loans are reasonably distributed among borrowers of various income levels and businesses of different sizes. The distribution of consumer loans is consistent with the income characteristics of the assessment area. A substantial majority of the bank's commercial loans were made to businesses with revenues under \$1 million. In addition, 89% percent of these loans were in amounts of \$50,000 or less. The following charts show the distribution of loans made by loan size and business revenues:

**CONSUMER LENDING IN ASSESSMENT AREA
BY BORROWER INCOME LEVEL BASED ON SAMPLE
JANUARY 1, 1997 TO SEPTEMBER 30, 1997**

Income Designation of The Borrower	% of Families in the Assessment Area	# of Loans Based on Sample	% of Loans Based on Sample
Low	15%	26	11%
Moderate	14%	41	17%
Middle	21%	47	19%
Upper	50%	131	53%
Total	100%	245	100%

**LENDING IN ASSESSMENT AREA BY BUSINESS REVENUES BASED ON SAMPLE
JANUARY 1, 1997 TO SEPTEMBER 30, 1997**

Gross Business Revenues	# of Loans	% of Total (#)	Total Loans (\$) (000)	% of Total (\$)
\$0 - \$1 Million	29	74%	1,069	57%
+ \$1 Million	10	26%	796	43%
Total	39	100%	1,865	100%

Geographic Distribution of Loans

The geographic distribution of loans reflects less than satisfactory dispersion throughout the assessment area. Fourteen percent of the assessment area is in low or moderate income tracts with approximately 9% of the area's population living in these tracts. However, only 1% of the loans were in low or moderate tracts. Although the dispersion of loans throughout the assessment is less than satisfactory, we found no evidence of any deliberate attempt to exclude potential loan applicants from these areas.

**LENDING IN ASSESSMENT AREA - BY CENSUS TRACT TYPE
JANUARY 1, 1997 TO SEPTEMBER 30, 1997**

Census Tract Income Type	% of Population in Census Tract	% of Assessment Area	# of Loans Originated	% of Loans Total
Low	0.5%	1%	0	0
Moderate	8%	13%	4	1%
Middle	41%	44%	97	33%
Upper	51%	40%	191	65%
N/A	0%	2%	0	0

Responses to Complaints

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

Fair Lending Analysis

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