



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

November 6, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Rancho Vista National Bank
Charter Number 17419**

**1385 E. Vista Way
Vista, California 92084**

**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 **Rancho Vista National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, **as of November 6, 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.**”

Rancho Vista National Bank demonstrates a commitment to serve the credit needs of the communities in which it operates. Its lending performance throughout the assessment area is satisfactory.

- The loan-to-deposit ratio (L-T-D) compares favorably with L-T-D ratios of similar banks in Southern California.
- A substantial majority of loan originations are within the bank's assessment area.
- Loans are reasonably distributed among borrowers of different income levels and businesses of different sizes.
- Loans are sufficiently distributed among various geographies (census tracts) throughout the assessment area.
- The bank has taken appropriate action in response to substantiated CRA complaints.

DESCRIPTION OF INSTITUTION:

Rancho Vista National Bank (RVNB) opened in 1982 as a full service commercial bank headquartered in Vista, California. At September 30, 1997, the bank has \$120 million in total assets and approximately \$94 million in total loans. RVNB is “well-capitalized” according to the Prompt Corrective Action definitions contained in the FDIC Improvement Act. The bank provides community access to credit in its Orange County and San Diego County assessment areas by maintaining banking offices in Vista, Carlsbad, and Orange. The bank provides proprietary automatic teller machines (ATM) in each of its offices and at one offsite location in the San Diego County assessment area. The bank provides “no fee” ATM use in the Orange County assessment area. There are no financial or legal impediments which hinder the bank’s ability to meet the credit needs of its community. The bank’s February 1994 CRA rating was satisfactory.

RVNB extends credit to businesses and offers a full range of consumer loan products. The bank’s primary consumer product is a construction loan for the purpose of building a one-to-four family residential dwelling. The level of competition remains high in Southern California despite recent consolidations which have reduced the number of financial institutions in the area. The competition includes branches of large regional banks, community banks, savings and loans associations, and credit unions. The following chart shows the bank’s loan portfolio by major product type.

LOANS ORIGINATED BY MAJOR PRODUCT TYPE - From January 1996 to June 1997

LOAN TYPE	DOLLAR AMOUNT (000's)	% OF TOTAL LOANS (\$)
Real Estate	82,775	94%
Commercial Loans (Includes SBA Loans)	3,608	4%
Mortgage Loans	1,144	1.5%
Other	28	.5%
TOTAL LOANS:	87,555	100%

DESCRIPTION OF RANCHO VISTA NATIONAL BANK'S ASSESSMENT AREA:

The bank's total assessment area incorporates portions of both the San Diego Metropolitan Statistical Area (MSA) and the Orange County MSA. The San Diego assessment area includes 136 of the 445 census tracts in San Diego County, while the Orange County assessment area includes 286 of the 484 census tracts in Orange County. The assessment areas comply with regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies.

Numerous banks and financial institutions serve the assessment areas, resulting in strong competition for market share. Small businesses (annual revenue less than \$1 million) represent the majority of the businesses in the bank's assessment areas. Most sectors of the assessment area are experiencing modest to strong growth following a prolonged recovery from the recent recession. Recovery has been slow in Southern California as a result of spending cutbacks in defense and related industries, and a weak real estate market.

We contacted a local community-based organization in the San Diego MSA. We also reviewed two reports of regulatory agencies' community outreach contacts conducted within the past two years in the Orange County and San Diego County MSAs. These contacts included community development organizations, neighborhood housing groups, and housing and development organizations. Through these contacts we noted the need for health care assistance, affordable housing loans, business loans, and technical assistance for small businesses throughout the Orange County and San Diego County MSAs.

The bank's total assessment area is consistent with the demographic makeup of the Orange County and San Diego County MSAs. The composition of the bank's total assessment area, by census tract type, is defined in the following chart.

TOTAL ASSESSMENT AREA COMPOSITION

Census Tract Type	# of Tracts in Area	% of Assessment Area
Low Income	16	4%
Moderate Income	94	22%
Middle Income	167	40%
Upper Income	141	33%
No Reported Income*	4	1%
TOTAL CENSUS TRACTS:	422	100%

*The census tracts with no reported income are undeveloped or not residential areas.

Orange County Assessment Area

The Orange County assessment area includes coastal and inland communities within the Orange County MSA. The bank's Orange County branch is located in Orange and is surrounded by moderate- to middle-income communities. According to 1990 U.S. Census Data, there are approximately 2.4 million residents in the Orange County MSA with a median family income of \$51,269.

Orange County's economy is centered in services, trade, manufacturing, real estate development, and government. The 1994 Orange County municipal bankruptcy has not significantly impacted the private sector. Recent growth in construction and manufacturing reflect an improving local economy. The following chart represents the census tract composition in the bank's assessment area.

ORANGE COUNTY ASSESSMENT AREA COMPOSITION

Census Tract Type	# of Tracts in Area	% of Assessment Area
Low Income	14	5%
Moderate Income	75	26%
Middle Income	113	40%
Upper Income	80	28%
No Reported Income*	4	1%
TOTAL CENSUS TRACTS:	286	100%

*The census tracts with no reported income are undeveloped or not residential areas.

San Diego County Assessment Area

The San Diego County assessment area includes predominantly coastal and inland communities located in the northern part of the San Diego MSA. The bank's main office is located in Vista and one branch is in Carlsbad. Each is surrounded by moderate- to middle-income communities. According to 1990 U.S. census data, approximately 2.5 million residents occupy the San Diego MSA with a median family income of \$39,768.

Historically, the military and aerospace industries were major components of the local economy. The economic infrastructure has changed due to extensive military and aerospace cutbacks and strong job growth in the biotech and high tech sectors. The local economy also depends on tourism, retail trade, manufacturing, and real estate development. The following chart represents the census tract composition in the bank's assessment area within the San Diego County MSA.

SAN DIEGO COUNTY ASSESSMENT AREA COMPOSITION

Census Tract Type	# of Tracts in Area	% of Assessment Area
Low Income	2	1%
Moderate Income	19	14%
Middle Income	54	40%
Upper Income	61	45%
No Reported Income*	0	0%
TOTAL CENSUS TRACTS:	136	100%

*The census tracts with no reported income are undeveloped or not residential areas.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio exceeds standards for satisfactory performance. The average loan-to-deposit (L-T-D) ratio for the last eight quarters, ending September 30, 1997 is 76%. During this period, the L-T-D ratio has ranged from 66% to 85%. The average L-T-D ratio is approximately 65% for peer group banks. We define peer group as banks located in Southern California with asset sizes from \$80 million to \$180 million.

Lending in Assessment Areas

Orange County:

The bank's lending in the Orange County assessment area exceeds standards for satisfactory performance. The bank originated a substantial majority of the dollar volume and number of its loans within the assessment area. We prepared the following analysis based on data provided by the bank, which we tested for accuracy.

LENDING INSIDE AND OUTSIDE OF THE ORANGE COUNTY ASSESSMENT AREA Loan Originations from January 1996 Through June 1997

	LOANS (#)	% LOANS (#)	LOANS (\$)	% LOANS (\$)
IN AREA	66	89%	9,576,319	77%
OUT OF AREA	8	11%	2,851,384	23%
TOTALS	74	100%	12,427,703	100%

San Diego County:

The bank's lending in the San Diego County assessment area exceeds standards for satisfactory performance. The bank originated a substantial majority of the dollar volume and number of its loans within the assessment area. We prepared the following analysis based on data provided by the bank which we tested for accuracy.

LENDING INSIDE AND OUTSIDE OF THE SAN DIEGO ASSESSMENT AREA
Loan Originations from January 1996 Through June 1997

	LOANS (#)	% LOANS (#)	LOANS (\$)	% LOANS (\$)
IN AREA	379	89%	82,314,951	86%
OUT OF AREA	48	11%	13,674,224	14%
TOTALS	427	100%	95,989,175	100%

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Orange County:

Lending activity to borrowers of different income levels and businesses of different sizes meets the standard for satisfactory performance. The bank's Orange County branch is primarily a commercial lender. This is a primary reason there have not been many consumer loans originated. Our evaluation of this assessment criterion placed a greater emphasis on the bank's lending to businesses of different sizes.

The bank has extended a majority of business loans to businesses with less than \$1 million in gross revenues. We used the bank's analysis of the loan portfolio, which we tested for accuracy, to reach our conclusions. The following charts show the bank's consumer/mortgage loan activity and lending to businesses of different sizes within the Orange County assessment area.

**CONSUMER/ MORTGAGE LENDING IN THE ORANGE COUNTY ASSESSMENT
AREA BY BORROWER INCOME LEVEL**

Loan Originations from January 1996 Through June 1997

	Consumer/ Mortgage Loans (#)	% of Cons/ Mortgage Loans (#)	Consumer/ Mortgage Loans (\$)	% of Consumer/ Mortgage Loans (\$)
Low Income	0	0%	0	0%
Moderate Income	2	13%	44,510	5%
Middle Income	2	13%	45,750	5%
Upper Income	11	74%	774,702	90%
Total	15	100%	864,962	100%

BUSINESS LENDING IN THE ORANGE COUNTY ASSESSMENT AREA

Loan Originations from January 1996 Through June 1997

	Business Lns (#)	% Business Loans by (#)	Business Loans (\$)	% Business Loans by (\$)
Lns to Businesses (< \$100,000 in Annual Revenue)	22	45%	870,380	8%
Lns to Businesses (>\$100,000 but < \$250,000 in Annual Revenue)	11	22%	1,962,277	18%
Lns to Businesses (>\$250,000 but < \$1 Million in Annual Revenue)	9	19%	5,355,021	49%
Lns to Businesses (>\$1 Million in Annual Revenue)	7	14%	2,799,000	25%
Total 1996 Business Loans	49	100%	10,986,678	100%

San Diego County:

Lending activity to borrowers of different income levels and businesses of different sizes meets the standard for satisfactory performance.

The bank has reasonably extended loans to consumers within the assessment area. The bank extended only 2% of the dollar amount of consumer/mortgage loans to low-to-moderate income individuals. However, based on the number of loans made, the bank extended 29% of consumer/mortgage loans to low-to-moderate income individuals.

The bank has extended a majority of business loans to businesses with less than \$1 million in gross revenues. We used the bank's analysis of the loan portfolio, which we tested for accuracy, to reach our conclusions. The following charts show the bank's consumer /mortgage loan activity and lending to businesses of different sizes.

**CONSUMER/ MORTGAGE LENDING IN THE SAN DIEGO ASSESSMENT AREA
BY BORROWER INCOME LEVEL
Loan Originations from January 1996 Through June 1997**

	Consumer/ Mortgage Loans (#)	% of Cons/ Mortgage Loans (#)	Consumer/ Mortgage Loans (\$)	% of Consumer/ Mortgage Loans (\$)
Low Income	33	19%	352,305	1%
Moderate Income	18	10%	267,418	1%
Middle Income	20	11%	1,897,276	6%
Upper Income	107	60%	28,565,432	92%
Total	178	100%	31,082,431	100%

BUSINESS LENDING IN THE SAN DIEGO ASSESSMENT AREA
Loan Originations from January 1996 Through June 1997

	Business Loans(#)	% Business Loans by (#)	Business Loans (\$)	% Business Loans by (\$)
Lns to Businesses (< \$100,000 in Annual Revenue)	79	50%	3,208,858	10%
Lns to Businesses (>\$100,000 but < \$250,000 in Annual Revenue)	37	23%	6,344,405	21%
Lns to Businesses (>\$250,000 but < \$1 Million in Annual Revenue)	38	24%	18,714,035	61%
Lns to Businesses (>\$1 Million in Annual Revenue)	5	3%	2,623,480	8%
Total Business Loans	159	100%	30,890,778	100%

Geographic Distribution of Loans

The bank's lending is reasonably distributed throughout the Orange County and San Diego County assessment areas. Lending activity in different income level census tracts is comparable to demographic information within the assessment areas. We used the bank's internal analysis, which we tested for accuracy, to determine our conclusions. The following charts compare the bank's lending activity within the assessment area to the percentage of various income level census tracts that comprise the assessment area.

GEOGRAPHIC DISTRIBUTION OF LOANS IN THE ORANGE ASSESSMENT AREA
Loans Originated from January 1996 Through June 1997

CensusTract IncomeType	# of Census Tracts in Area	%of Census Tracts	# of Tracts with Loans	% of Tracts with Loans
Low	14	5%	1	4%
Moderate	75	26%	7	26%
Middle	113	40%	7	26%
Upper	80	28%	12	44%
No Income Reported*	4	1%	0	0%
Total	286	100%	27	100%

*The census tracts with no reported income are undeveloped or not residential areas.

DISTRIBUTION OF LOANS IN THE SAN DIEGO COUNTY ASSESSMENT AREA
Loans Originated from January 1996 Through June 1997

CensusTract IncomeType	# of Census Tracts in Area	%of Census Tracts	# of Tracts with Loans	% of Tracts with Loans
Low	2	1%	1	1%
Moderate	19	14%	11	13%
Middle	54	40%	37	42%
Upper	61	45%	39	44%
No Income Reported*	0	0%	0	0%
Total	136	100%	88	100%

*The census tracts with no reported income are undeveloped or not residential areas.

Responses to Complaints

The bank received one CRA related customer complaint since our last CRA performance evaluation. Management responded appropriately.

Fair Lending Analysis

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