



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

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PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**Metro Commerce Bank, N.A.
Charter Number 21982
1248 Fifth Avenue
San Rafael, California 94901**

December 31, 1997

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 **Metro Commerce Bank, N. A.** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **December 31, 1997**. 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.**”

CRA performance is rated “Satisfactory.” We based this evaluation on the following factors: (1) the bank’s loan-to-deposit ratio is reasonable; (2) a majority of the bank’s lending is within its assessment area; (3) the distribution of loans among businesses of different sizes is reasonable in all four assessment areas; and the distribution of home mortgage loans to individuals of different income levels is fair considering the high cost Bay Area housing market; and (4) the geographic distribution of commercial and instalment loans within the bank’s four assessment areas is reasonable. There were no complaints from the community regarding the bank’s CRA performance.

The following table indicates the performance level of **Metro Commerce Bank, N. A. (MCB)** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory
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 -Loans		X	
Response to Complaints	N/A		

DESCRIPTION OF INSTITUTION:

Metro Commerce Bank, N. A. (MCB) formed in 1989, and is headquartered in downtown San Rafael, CA. As of December 31, 1997, the bank had four banking offices located in four distinct assessment areas. The main office is in downtown San Rafael, CA. The bank has branches in Hayward, CA, South San Francisco, CA, and in the Southern California city of Upland. In January 1998, the bank opened a full service branch in the financial district of San Francisco. Since the San Francisco branch opened after the date of this evaluation, this branch and its assessment area are not considered in this evaluation. As of December 31, 1997, MCB had total assets of \$140 million, total loans outstanding of \$88 million and total deposits of \$126 million.

The bank's lending is centered in commercial real estate and commercial loans. The bank makes a small number of consumer and home equity loans, mainly as an accommodation to existing customers. The bank operated a wholesale mortgage loan department until the end of March 1997. The operation was Bay Area-wide in scope and funded loans were sold in the secondary market. The operation was discontinued due to lower loan demand and increasingly strong competition that resulted in narrow margins. The bank offers loans guaranteed through the Small Business Administration (SBA) and offers an accounts receivable financing product for smaller sized businesses.

The following table shows the composition of the bank's loans outstanding as of December 31, 1997.

Loan Type as of 12/31/97	\$	%
Commercial Real Estate	58.7 million	67%
Commercial & Industrial	21.1 million	24%
Construction	3.8 million	4%
Individual / Installment	2.3 million	3%
Home equity	2.0 million	2%
1 - 4 Family Residential	.3 million	.3%
Total Loans	88.2 million	100%

The bank competes with local branches of large regional and multinational banks in each of its assessment areas. In addition, the bank competes with several local community banks in each of its assessment areas. We are not aware of any other impediments restricting the bank's ability to meet the credit needs of its assessment area.

MCB received a Satisfactory rating in its prior CRA evaluation in 1995.

DESCRIPTION OF THE ASSESSMENT AREAS:

Metro Commerce Bank, N. A. (MCB) defines its four assessment areas as follows within each respective Metropolitan Statistical Area (MSA):

Assessment areas within the San Francisco MSA:

- (1) the eastern central and eastern southern portions of Marin County including the cities of Belvedere, Novato, San Rafael, and Sausalito, and the smaller communities in between;
- (2) the north eastern portion of San Mateo County including the cities of Milbrae, San Bruno, and South San Francisco;

Assessment area within the Oakland MSA:

- (3) the western central portions of Alameda County including the cities of Hayward and Union City, and the communities of Castro Valley and San Lorenzo; and

Assessment area within the San Bernardino and Los Angeles MSA's:

- (4) the Southern California assessment area consists of portions of southwestern San Bernardino County including the cities of Montclair, Ontario, Rancho Cucamonga, and Upland and a small portion of eastern Los Angeles County including portions of the cities of Claremont and Pomona.

The San Francisco MSA

The Marin County Assessment Area

The bank's Marin County assessment area includes 41 census tracts of the total of the 51 census tracts in the county. Marin County is part of the San Francisco Metropolitan Statistical Area (MSA). The 10 tracts not included in this assessment area are the less populated areas along the coast and in the northern portion of the county. This assessment area includes three of the four moderate-income census tracts in the county and does not arbitrarily exclude any low- or moderate-income census tracts. According to 1990 Census data, the population of this assessment area is 194,580, with a median family income of \$62,692 and a median housing value of \$364,109. Updated income information supplied for 1996 by the Department of Housing and Urban Development (HUD) lists median family income of \$64,400 for the San Francisco MSA. Fifty-eight percent the population resides in the upper-income tracts. There are no low-income census tracts in Marin County. The following table shows the number and percent of census tracts by income level and the population within those census tracts.

Distribution of Marin County Assessment Area Population and Census Tracts			
	# of Census Tracts	% of Census Tracts	% of Population within Tracts
Low-income	0	0.0%	0%
Moderate-income	3	7.4%	7.1%
Middle-income	15	36.5%	34.9%
Upper-income	23	56.1%	58.0%
Total	41	100%	100%

The San Mateo County Assessment Area

The bank’s San Mateo County assessment area includes 21 census tracts located in the northeastern portion of the county. The assessment area includes the cities of Brisbane, San Bruno, and South San Francisco. The assessment area includes two of the 19 moderate-income census tracts in the county and does not arbitrarily exclude any low- or moderate-income census tracts. There are no low-income census tracts in San Mateo County. According to 1990 Census data, the population of this assessment area is 102,174, with a median family income of \$48,660 and a median housing value of \$274,975. HUD lists updated family income for 1996 as \$64,400 for the San Francisco MSA. Eighty-two percent of the population resides in middle-income tracts. The following table shows the number and percent of census tracts by income level and the population within those census tracts.

Distribution of San Mateo County Assessment Area Population and Census Tracts			
	# of Census Tracts	% of Census Tracts	% of Population within Tracts
Low Income	0	0.0%	0%
Moderate-income	2	9.5%	13.0%
Middle-income	17	80.9%	82.4%
Upper-income	1	4.8%	4.6%
Not Applicable	1	4.8%	0%
Total	21	95%	100%

The Oakland MSA

The bank’s Alameda County assessment area includes 54 census tracts located in the west central portion of the county. This assessment area is located in the Oakland MSA. The assessment area includes the cities of Hayward and Union City, and the Castro Valley and San Lorenzo communities. The assessment area includes two low- and 18 moderate-income census tracts and does not arbitrarily exclude any low- or moderate-income census tracts. According to 1990 Census data, the population of this assessment area is 221,578, with a median family income of

\$42,287 and a median housing value of \$198,457. HUD lists updated family median income to \$60,100 for the Oakland MSA. Fifty-four percent of the population resides in middle-income tracts and thirty-one percent resides in moderate-income tracts. The following table shows the number and percent of census tracts by income level and the population within those census tracts.

Distribution of Alameda County Assessment Area Population and Census Tracts			
	# of Census Tracts	% of Census Tracts	% of Population within Tracts
Low-income	2	3.7%	5.2%
Moderate-income	18	33.3%	31.3%
Middle-income	28	51.9%	53.9%
Upper-income	5	9.3%	9.6%
Not Applicable	1	1.8%	0.0%
Total	54	98%	100%

The San Bernardino and Los Angeles MSA

The bank’s San Bernardino / Los Angeles County assessment area includes 54 census tracts surrounding the City of Upland in San Bernardino County. The assessment area is located within the San Bernardino MSA and partial within the Los Angeles MSA. The assessment area consists of portions of southwestern San Bernardino County including the cities of Montclair, Ontario, Rancho Cucamonga, and Upland and the southeastern portion of Los Angeles County, including portions of the cities of Claremont and Pomona. The assessment area includes seven moderate-income census tracts and does not arbitrarily exclude any low- or moderate-income census tracts. According to 1990 Census data, the population of this assessment area is 391,324, with a median family income of \$45,629 updated by HUD for 1996. The average median housing value was \$169,116 as of 1990. Fifty-one percent the population resides in middle-income tracts. The following table shows the number and percent of census tracts by income level and the population within those census tracts.

Distribution of San Bernardino and Los Angeles County Assessment Area Population and Census Tracts			
	# of Census Tracts	% of Census Tracts	% of Population within Tracts
Low-income	0	0%	0%
Moderate-income	7	15%	9.9%
Middle-income	23	49%	51.2%
Upper-income	17	36%	38.9%
Total	47	100%	100%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Overall conclusions for all MSA's combined

Loan-to-Deposit Ratio:

- **MCB's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the competitive environment.**

The bank's net loans and leases divided by total deposits averaged 63% between December 31, 1995 and September 30, 1997. This is slightly below the peer group's average loan to deposit ratio of 68%. MCB's peer group consists of eight community banks that have total assets between \$100 million and \$200 million. The peer group banks are domiciled or have offices in at least one of the counties that contain one of the four MCB assessment areas. As of December 31, 1997, MCB's loan to deposit ratio was 69.8%. The table below shows the loan-to-deposit comparison for September 30, 1997 and the eight-quarter average.

	Loan to Deposit Ratio of MCB and its Peers (in %)								
Bank	MCB	Peer 1	Peer 2	Peer 3	Peer 4	Peer 5	Peer 6	Peer 7	Peer 8
9/30/97	65.7	81.4	66.9	32.1	73.4	42.7	70.0	84.5	72.7
8 quarter average	62.8	81.6	76.8	40.1	73.2	48.8	74.8	82.7	69.9
Group's average	67.9%								

* Source: Call Report data.

Lending in the Assessment Area:

- **A majority of the bank's outstanding commercial and instalment loans and commitments are within the bank's assessment area.**

As stated in the description of the bank, the primary focus of the bank is commercial lending to small and medium sized businesses. Accordingly, more weight is given to the bank's record of commercial lending than to home mortgage lending. An analysis of MCB's outstanding commercial and instalment loan portfolio as of December 31, 1997 shows that a majority of these loans are within the bank's assessment areas. The analysis does not include loans reported on the bank's Home Mortgage Disclosure Act (HMDA) reports for 1996 and 1997.

The following table reflects the distribution of bank's outstanding commercial and instalment loan portfolio plus unfunded commitments within its assessment area.

Lending Inside and Outside of the Assessment Area Commercial and Instalment Loans & Commitments				
	# of Loans in Assessment Area	% of Loans in Assessment Area	Dollar Volume of Loans in Assessment Area	% Dollar Volume of Loans in Assessment Area
Inside Assessment Area	513	61.96%	\$60,447,000	55.09%
Outside Assessment Area	315	38.04%	\$49,275,000	44.91%
Total	828	100%	\$109,722,000	100%

Management reports show that the lending within the assessment area by number of loans increases to 64% when the assessment area associated with the new branch in San Francisco, opened January 1998, is added to the bank's assessment areas.

Home Mortgage Lending

As stated in the bank's description, the bank operated a wholesale mortgage banking department until March 1997, when operations were discontinued. This department received loan applications from independent brokers throughout the greater Bay Area from Santa Rosa in the north to San Jose in the south bay area. Consequently, the majority of home mortgage loans originated were made outside of the bank's assessment area. All loans originated through the mortgage banking department were sold in the secondary market. The following table is presented only as additional information concerning the bank's lending performance. Little weight is given to mortgage lending activity for this assessment factor.

HMDA Reported Lending Inside & Outside Assessment Area								
Residential Loans extended in 1996					Residential Loans extended in 1997			
	# of Loans	#%	\$ of Loans (000s)	\$%	# of Loans	# %	\$ of Loans (000s)	\$ %
Inside	82	37.44%	\$8,810	29.49%	4	25%	\$927	41.7%
Outside	137	62.56%	\$21,069	70.51%	12	75%	\$1,295	58.3%
Total	219	100%	\$29,879	100%	16	100.0%	\$2,222	100%

Source: The bank's 1996 and 1997 HMDA Loan Application Registers

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

- **Given the demographics of the bank's four assessment areas, MCB's overall lending reflects a reasonable penetration among businesses of different sizes in each of the**

bank's assessment areas. The analysis of the distribution loans among borrowers of different income levels is fair given the high housing costs of the areas in which the bank operates.

The bank's business loans are reasonably distributed among businesses of different sizes in each of its four assessment areas. Overall, 48% by number and 40% by dollar amount of loans originated within the bank's assessment area were to businesses with annual sales of less than \$1 million. The strongest performance under this category was in the Alameda County assessment area where 67% of loans by number and 79% by dollar amount were made to businesses with sales less than \$1 million. The Hayward area is lower income in general, resulting in more lending opportunities to smaller businesses. In the remaining three branches offices, 40% to 47% of the business loans were extended to businesses with annual revenues of \$1 million or less within their assessment areas.

MCB's primary focus is on commercial and commercial real estate loans. Its consumer lending is limited to accommodation lending to business clients. Therefore, our analysis of the bank's lending performance gives more weight to lending among businesses of different sizes than to lending to individuals of different income levels.

To test for lending to small businesses, a sample of 73 new credit extensions to small- and medium-size businesses approved during 1997 was reviewed. All of the loans were to businesses within the bank's assessment areas. Often, the new credit extension was a small additional credit granted to existing lending relationships. For example, a business purpose auto loan could be made to a company that has an existing commercial real estate loan or a revolving line of credit. As a consequence, more weight is given to the numbers of loans to small businesses than to dollar amounts. The table below shows how these loans were dispersed among businesses of different sizes in each of the bank's assessment areas.

Distribution of Business Loans approved in 1997						
Assessment Area	Sample		Loans to Businesses with Sales < \$1,000,000			
	Numbers of Loans	\$ Loans (000)	# of Loans	% of # Loans	\$ Loans (000)	% of \$ Loans
Totals	73	18,310	35	48%	7,251	40%

Loans to Borrowers of Different Income Levels

As stated above, more weight for this assessment factor is placed on lending to businesses of different sizes than on lending to individuals of different income levels. However, our assessment

is that lending to borrowers of different incomes is fair given the high cost of housing in the Bay Area, especially within the bank's Marin County assessment area.

We used 1997 and 1996 HMDA data to provide an indication of lending among borrowers of different income levels within the bank's four assessment areas. The bank only made four HMDA reportable loans in 1997 within its four assessment areas. Of these four loans, two were made to upper-income individuals, one was made to a middle-income borrower, and one had no income reported. The analysis of 1997 HMDA data did not provide sufficient information to draw a conclusion.

The following table shows the distribution of 1996 HMDA reported loans within the bank's assessment areas. The information contained 82 home purchase or home refinance loans made within the bank's assessment areas in the Bay Area, with the majority (74) located in the Marin County assessment area. The bank's mortgage banking department operated only in the Bay Area; therefore, no mortgage loans were made in the bank's Southern California assessment area. The information reflects a fair distribution among borrowers of different income levels considering the high cost of Bay Area home prices relative to the average family income levels. In all three of the bank's Bay Area assessment areas, the average home price is more than three times 120% of average family income, illustrating the difficulty of purchasing homes in the high cost Bay Area. The information does show a good distribution in the Alameda County assessment area; however, this must be discounted due to the low volume (only two loans) in that assessment area. The table also contains the comparable distribution of families by income level within each assessment area.

Distribution of 1996 HMDA Loans										
ALL Assessment Areas	Borrower Income Level									
	Low		Moderate		Middle		Upper		N/A	
	% of #	% of \$	% of #	% of \$	% of #	% of \$	% of #	% of \$	% of #	% of \$
All MSA's	2%	3%	4%	2%	13%	10%	60%	68%	7%	16%
% Families per income level	18%		17%		23%		42%			

* Source of % Families per income level: 1990 Census data.

Geographic Distribution of Loans:

- **The geographic distribution of commercial and instalment loans and commitments are reasonably dispersed throughout each of MCB's four assessment areas both individually and on a combined basis.**

Management provided a complete listing of the loan portfolio by census tract code as of December 31, 1997. Again, only commercial and instalment lending is analyzed, since this is the bank's primary focus. The following chart shows the distribution of the bank's commercial and instalment loans and commitments for all four of the bank's assessment areas combined. The level of lending to each level of income tract generally corresponds to the number of tracts by income level.

Lending Distribution of Commercial and Instalment Loans and Commitments by Census Tract All MSA's						
Income Characteristic	# of Loans	# of Loans %	\$ of Loans (000)	\$ of Loans %	Tracts in Assessment Areas	% Tracts in Assessment Areas
Low-income Tract	1	0.19%	190	0.31%	2	1.23%
Moderate-income Tract	77	15.01%	12,039	19.92%	30	18.40%
Middle-income Tract	211	41.13%	20,723	34.28%	83	50.92%
Upper-income Tract	224	43.67%	27,495	45.49%	46	28.22%
N/A Tracts	0	0.00%	0	0.00%	2	1.23%
Total	513	100%	60,447	100%	163	100%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA FOR THE

SAN FRANCISCO MSA:

The San Francisco MSA includes both the Marin County and San Mateo County assessment areas as listed in the Description of the Assessment Areas Section. The two assessment areas are not contiguous and are separate assessment areas within the same MSA. The overall CRA performance in this San Francisco MSA is satisfactory. Support for this conclusion is as follows:

Loan to Deposit :

As stated in the overall conclusion, the bank’s loan to deposit ratio is reasonable. The loan to deposit ratio is calculated based on the bank’s total loans and deposits and is not calculated by branch or assessment area.

Lending in the Assessment Area:

As stated above in the overall conclusion section, a majority of the bank’s outstanding commercial and instalment loans and commitments are within the bank’s assessment areas. Again, lending inside and outside of the assessment area is calculated on a bank-wide basis and is not calculated by branch or assessment area.

Lending to businesses of Different Sizes and Borrowers of Different Incomes

MCB’s lending within the San Francisco MSA reflects a reasonable penetration among businesses of different sizes. The distribution of HMDA loans among borrowers of different income levels is fair given the high cost of housing within this MSA.

The following table reflects the distribution of commercial loans to small businesses within the bank’s two assessment areas within the San Francisco MSA. More weight was given to numbers of loans than to dollar volume.

San Francisco MSA Distribution of Business Loans approved in 1997								
Assessment Area	# of Small Business *	% of Small Business *	Sample		Loans to Businesses with Sales < \$1,000,000			
			Numbers of Loans	\$ Loans (000)	# of Loans	% of # Loans	\$ Loans (000)	% of \$ Loans
Marin County	12,481	80%	30	7,614	12	40%	1,580	21%
San Mateo County	2,800	63%	11	2,148	5	45%	765	36%
San Francisco MSA Totals			41	9,762	17	41%	2,345	24%

* Source - Dun & Bradstreet 1996: Non-farm small businesses with annual revenues less than \$1 million.

Lending to Borrowers of Different Incomes

This 1996 HMDA data includes 80 of the 82 HMDA reported loans made within the bank's assessment area in 1996. The table reflects a fair penetration to borrowers of different income levels considering the high cost of housing within the San Francisco MSA. The bank discontinued its mortgage banking operation early in 1997. As a result the volume of mortgage loans for 1997 is too small to analyze.

San Francisco MSA Distribution of 1996 HMDA Loans										
Assessment Area	Borrower Income Level								N/A	
	Low		Moderate		Middle		Upper			
	% of #	% of \$	% of #	% of \$	% of #	% of \$	% of #	% of \$	% of #	% of \$
Marin County	1%	2%	4%	2%	11%	9%	77%	70%	7%	17%
% Families per income level	14%		15%		20%		51%			
San Mateo County	0%	0%	0%	0%	33%	23%	50%	61%	17%	16%
% Families per income level	16%		19%		30%		35%			

* Source of % Families per income level: 1990 Census data.

Geographic Distribution of Loans

Using the information supplied by the bank on the all outstanding loans in the portfolio, the geographic distribution of loans are reasonably dispersed throughout the bank's San Francisco MSA assessment areas of Marin and San Mateo Counties.

The following table reflects that the number of loans within each type of income tract are fairly distributed in the Marin County assessment area.

Lending Distribution of Commercial and Instalment Loans and Commitments by Census Tract Marin County Assessment Area						
Income Characteristic	# of Loans	# of Loans %	\$ of Loans (000)	\$ of Loans %	Tracts in Assessment Area	% Tracts in Assessment Area
Low-income Tract	0	0.00%	0	0.00%	0	0.00%
Moderate-income Tract	44	14.37%	9,773	23.36%	3	7.32%
Middle-income Tract	83	27.12%	7,587	18.13%	15	36.59%
Upper-income Tract	179	58.51%	24,481	58.51%	23	56.10%
Total	306	100%	41,841	100%	41	100%

The following table shows that the distribution of loans within the San Mateo County assessment area closely follows the distribution of income type census tracts within the assessment area.

Lending Distribution of Commercial and Instalment Loans and Commitments by Census Tract San Mateo County Assessment Area						
Income Characteristic	# of Loans	# of Loans %	\$ of Loans (000)	\$ of Loans %	Tracts in Assessment Area	% Tracts in Assessment Area
Low-income Tract	0	0.00%	0	0.00%	0	0.00%
Moderate-income Tract	3	5.88%	314	7.04%	2	9.53%
Middle-income Tract	48	94.12%	4,146	92.96%	17	80.95%
Upper-income Tract	0	0.00%	0	0.00%	1	4.76%
NA Tract	0	0.00%	0	0.00%	1	4.76%
Total	51	100%	4,460	100%	21	100%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA TO THE OAKLAND MSA

The bank's Alameda assessment area is located in the Oakland MSA and is described in detail the Description of the Assessment Areas Section. The bank's overall CRA performance within the Oakland MSA is satisfactory. Support for this conclusion is as follows:

Loan to Deposit :

As stated above in the overall conclusion, the bank's loan to deposit ratio is reasonable. The loan to deposit ratio is calculated based on the bank's total loans and deposits and is not calculated by branch or assessment area.

Lending in the Assessment Area:

As stated above in the overall conclusion section, a majority of the bank's outstanding commercial and instalment loans and commitments are within the bank's assessment areas. Again, lending inside and outside of the assessment area is calculated on a bank-wide basis and is not calculated by branch or assessment area.

Lending to businesses of Different Sizes and Borrowers of Different Incomes

MCB's lending within the Oakland MSA reflects a reasonable penetration among businesses of different sizes.

The following table reflects the distribution of commercial loans to small businesses with the bank's assessment areas located within the Oakland MSA.

Oakland MSA Distribution of Business Loans approved in 1997								
Assessment Area	# of Small Business *	% of Small Business *	Sample		Loans to Businesses with Sales < \$1,000,000			
			Numbers of Loans	\$ Loans (000)	# of Loans	% of # Loans	\$ Loans (000)	% of \$ Loans
Alameda County	4,600	68%	15	4,217	10	67%	3,345	79%

Source - Dun & Bradstreet 1996: Non-farm small businesses with annual revenues less than \$1 million.

Lending to Borrowers of Different Incomes

The distribution of HMDA loans among borrowers of different income levels is good. However, this performance must be discounted due to the low number of HMDA loans (two) made within this assessment area during the evaluation period.

Oakland MSA Distribution of 1996 HMDA Loans										
Assessment Area	Borrower Income Level								N/A	
	Low		Moderate		Middle		Upper		N/A	
	% of #	% of \$	% of #	% of \$	% of #	% of \$	% of #	% of \$	% of #	% of \$
Oakland MSA	50%	73%	0%	0%	50%	27%	0%	0%	0%	0%
% Families per income level	23%		21%		27%		29%			

* Source of % Families per income level: 1990 Census data.

Geographic Distribution of Loans

Using the information supplied by the bank on the all outstanding loans in the portfolio, the geographic distribution of commercial and instalment loans reflects a good dispersion of loans throughout the bank's Oakland MSA assessment area.

The following table reflects a good correlation between the number of loans in each income level tract and the percentage of income level tract within the Oakland MSA.

Lending Distribution of Commercial and Instalment Loans and Commitments by Census Tract Oakland MSA						
Income Characteristic	# of Loans	# of Loans %	\$ of Loans	\$ of Loans %	Tracts in Assessment Area	% Tracts in Assessment Area
Low-income Tract	1	1.30%	190	2.07%	2	3.70%
Moderate-income Tract	22	28.57%	1,740	18.97%	18	33.33%
Middle-income Tract	41	53.25%	5,179	56.47%	28	51.86%
Upper-income Tract	13	16.88%	2,063	22.49%	5	9.26%
NA Tract	0	0.00%	0	0.00%	1	1.85%
Total	77	100%	9,172	100%	54	100%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA TO THE

SAN BERNARDINO / LOS ANGELES MSA:

The bank’s Southern California assessment area overlaps the San Bernardino MSA and the Los Angeles MSA. The assessment area is more fully detailed in the Description of Assessment Area section. The bank’s overall CRA performance within the San Bernardino / Los Angeles MSA is satisfactory. Support for this conclusion follows:

Loan to Deposit :

As stated above in the overall conclusion, the bank’s loan to deposit ratio is reasonable. The loan to deposit ratio is calculated based on the bank’s total loans and deposits and is not calculated by branch or assessment area.

Lending in the Assessment Area:

As stated above in the overall conclusion section, a majority of the bank’s outstanding commercial and instalment loans and commitments are within the bank’s assessment areas. Again, lending inside and outside of the assessment area is calculated on a bank-wide basis and is not calculated by branch or assessment area.

Lending to businesses of Different Sizes and Borrowers of Different Incomes

MCB’s lending within the San Bernardino / Los Angeles MSA’s reflects a reasonable penetration among businesses of different sizes. The bank made no HMDA reportable loans within this assessment area 1996, the time period analyzed for this factor.

The following table reflects the distribution of commercial loans to small businesses within the bank’s San Bernardino / Los Angeles MSA’s assessment area.

San Bernardino / Los Angeles MSA’s Distribution of Business Loans approved in 1997								
Assessment Area	# of Small Business *	% of Small Business *	Sample		Loans to Businesses with Sales < \$1,000,000			
			Numbers of Loans	\$ Loans (000)	# of Loans	% of # Loans	\$ Loans (000)	% of \$ Loans
San Bernardino/Los Angeles County	8,477	69%	17	4,331	8	47%	1,561	36%

Source - Dun & Bradstreet 1996: Non-farm small businesses with annual revenues less than \$1 million.

Loans to Borrowers of Different Incomes

No HMDA reportable loans were made within the San Bernardino / Los Angeles assessment area. The primary weight is given to the loans made to businesses of different sizes

Geographic Distribution of Loans

Using the information supplied by the bank on the all outstanding loans in the portfolio, the geographic distribution of loans are reasonably dispersed throughout the bank's Oakland MSA assessment area.

The table below shows that the bank has achieved a reasonable penetration of each level of income type census tract in the Southern California assessment area.

Lending Distribution of Commercial and Instalment Loans and Commitments by Census Tract San Bernardino/Los Angeles County Assessment Area						
Income Characteristic	# of Loans	# of Loans %	\$ of Loans	\$ of Loans %	Tracts in Assessment Area	% Tracts in Assessment Area
Low-income Tract	0	0.00%	0	0.00%	0	0.00%
Moderate-income Tract	8	10.13%	212	4.26%	7	14.89%
Middle-income Tract	39	49.37%	3,811	76.62%	23	48.94%
Upper-income Tract	32	40.50%	951	19.12%	17	36.17%
Total	79	100%	4,974	100%	47	100%

Response to Complaints:

Management has not received any complaints from its community regarding the bank's CRA performance since the last CRA evaluation conducted in 1995.

Other Items:

The bank is in compliance with anti-discrimination laws and regulations. There was no evidence in our Fair Lending Examination to indicate any discrimination against protected classes.