



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **Public Disclosure**

**November 23, 2004**

# **Community Reinvestment Act Performance Evaluation**

**First National Bank  
Charter Number: 17212**

**401 West A Street  
San Diego, CA 92101**

**Office of the Comptroller of the Currency**

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**NOTE: This document is an evaluation of this 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. This evaluation is not, and should not 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.**

## Table of Contents

<b>OVERALL CRA RATING .....</b>	<b>1</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>2</b>
<b>DESCRIPTION OF INSTITUTION.....</b>	<b>5</b>
<b>SCOPE OF THE EVALUATION.....</b>	<b>7</b>
<b>FAIR LENDING REVIEW .....</b>	<b>8</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....</b>	<b>9</b>
LENDING TEST	9
INVESTMENT TEST	12
SERVICE TEST	13
<b>APPENDIX A: SCOPE OF EXAMINATION .....</b>	<b>A-1</b>
<b>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS .....</b>	<b>B-1</b>
<b>APPENDIX C: TABLES OF PERFORMANCE DATA .....</b>	<b>C-1</b>

## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated “ **Satisfactory**”.

The following table indicates the performance level of **First National Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	First National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- The bank’s level of originated loans is good. The bank originated an excellent level of community development loans that had a positive impact on the Lending Test rating.
- The geographic distribution of small business loans is adequate.
- The bank has a good volume of qualified investments.
- The extent and responsiveness of the bank’s community development services is good and had a positive impact on the Service Test rating.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home Mortgage Loans:** such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

First National Bank (“FNB” or “the bank”) is a full-service intrastate bank with its main branch located in downtown San Diego, California. FNB is a subsidiary of First Community Bancorp (“FCB”), a multi-bank holding company based in Rancho Santa Fe, California. As of September 30, 2004, FCB has \$2.79 billion in assets and owns two commercial banks in Southern California.

A series of mergers and acquisitions contributed to FNB’s growth during this CRA evaluation period.

- In March 2002, FCB acquired Capital Bank of North County and merged it into previously owned Rancho Santa Fe National Bank, which was originally founded in 1983.
- In September 2002, FCB acquired First National Bank San Diego, and merged it into Rancho Santa Fe National Bank, changing the name of the surviving bank to First National Bank (“FNB”).
- In January 2003, FCB acquired the Bank of Coronado, headquartered in Coronado, CA, and merged it into FNB.
- In March 2004, FCB acquired First Community Financial Corporation (FCFC), an asset-based lending company located in Phoenix, Arizona. FCFC currently operates under its own name as a subsidiary of FNB.

As a result of the corporate activity, FNB’s size increased substantially. The bank reported total assets of \$1.21 billion at September 30, 2004, up from \$182 million at December 1999. Total deposits increased from \$163 million to \$871 million. Net income increased significantly from \$3.0 million at December 1999 to \$15 million for the first nine months of 2004. Gross loans of \$881 million consist of commercial real estate (53 percent), commercial loans (37 percent), and consumer and other loans<sup>1</sup> (10 percent). Net loans comprise 71 percent of the bank’s total assets. Tier One Capital of \$102 million represents 10.01 percent of the bank’s risk-weighted assets.

FNB serves San Diego County through its 13 full-service branches. The bank offers 24-hour banking services through Automated Teller machines (“ATM”) that are located at a majority of branches. Please refer to Table 15 in Appendix C-1 for the distribution of branches and ATMs.

The bank has one assessment area, which includes a substantial portion of San Diego County. The assessment area is highly competitive with numerous large, regional, and community banks and other financial service providers. In 2003, there were 198 small business lenders operating in San Diego County, compared to 60 institutions in 1999. The largest banks offering commercial and consumer financial products in the assessment area include Bank of America, Washington Mutual Bank, Wells Fargo Bank, Union Bank of California, and California

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<sup>1</sup> Based on 9/30/04 Call Report, percentage of average gross loans.

Bank and Trust. These large commercial bank competitors have extensive branch distribution systems and more resources to offer a wider range of services than FNB.

FNB's strategy is to maintain its position as a relationship-based community bank that focuses on the needs of small- and medium-size businesses while offering a broad range of deposit and credit products. Credit products include commercial and consumer loans, real estate and construction loans, and Small Business Administration ("SBA") guaranteed loans. In addition, the bank offers accounts receivable factoring through FCFC, its Arizona-based operating subsidiary. Other alternative services include telephone banking, on-line banking, and bank-by-mail programs. Because the bank's strategic focus is business lending, FNB originates only a limited number of consumer loans and does not offer home mortgage loans. There are numerous financial institutions in the bank's assessment area meeting those needs.

The OCC evaluated FNB as a small institution at its previous CRA examination as of December 2, 1998. The bank was rated "satisfactory". This is the bank's first CRA examination as a large institution. There are currently no legal, financial, regulatory, or other factors impeding the bank's ability to meet the credit needs of its assessment area.



## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the Lending Test included small business lending activity and real estate-secured small business loans for the period from January 2003 and through September 2004. FNB was not required to report its loans to small businesses prior to 2003 because the bank was previously evaluated as a “small institution.” We did not include consumer loans or loans to farms in the analysis. Banks only report consumer loan data if they optionally elect to have them evaluated. The volume of FNB’s consumer and farm loans was not significant. The bank did not report any loans that are subject to the Home Mortgage Disclosure Act.

The evaluation period for the Investment and Services Tests, including FNB’s community development (“CD”) lending, investments, and services, extended from January 1999 through September 2004. Refer to Appendix A for additional details of the examination scope.

### Data Integrity

We performed a separate data integrity examination during August 2004 to determine the accuracy of the loan data used in our analyses. We found adequate systems and controls in place for ensuring accurate data, and we did not identify errors in small business loan data reported in 2003 and 2004. We also reviewed CD loans, investments, and services to confirm that each activity has community development as its primary purpose.

### Selection of Areas for Full-Scope Review

FNB has one assessment area (“AA”) comprised of 589 contiguous census tracts within San Diego County. We performed a full-scope review of this AA.

### Ratings

The bank’s overall rating is based on the full-scope review of its AA. To evaluate the overall record of performance, the OCC analyzed activities under the Lending, Investment, and Service Tests. The rating method is structured such that the Lending Test weighs most heavily among the three tests.

### Other

Examiners interviewed two community contacts to determine the extent of credit opportunities within the AA and to assess how well financial institutions address identified credit and service needs. The contacts for this examination were individuals from two non-profit economic development agencies. These contacts identified the need for affordable housing and workforce housing in San Diego County. In addition, there is a credit need for equity capital for small businesses. Based on examiner knowledge of the San Diego AA, there are many opportunities for community development lending and investments as several areas of San Diego County are designated “enterprise zones” and community renewal and development

zones. Refer to the “Market Profile” section in Appendix B for additional information on area needs.

**Fair Lending Review**

We found no evidence of illegal discrimination or other illegal credit practices.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Area Receiving Full-Scope Review

The bank's performance under the Lending Test is rated "**high satisfactory.**" Based on a full-scope review, the bank's performance in the San Diego-Carlsbad-San Marcos MSA is good. The key findings that support the rating include:

- The bank's volume of originated loans is good and the level is consistent with its strategic focus and financial resources.
- The bank's geographic distribution of small business loans is good.
- The bank's distribution of small loans to businesses of different sizes is adequate.
- The bank originated an excellent level of community development loans that had a positive impact on the Lending Test rating.

#### Lending Activity

Refer to Tables 1 and 1a "Lending Volume" in Appendix C for the facts and data used to evaluate the bank's lending activity.

Overall, FNB's lending activity for small loans to businesses and community development (CD) loans is good based on the bank's market share of loans compared to the market share of the bank's deposits. The most recent market share data publicly available for 2003 reflects that the bank's market share for small loans to businesses based on dollar volume was 4.44% compared to the deposit market share of 1.96%, ranking FNB fifth among all lenders in the San Diego MSA. This deposit market share ranks the bank ninth among 67 commercial banks and thrifts operating in the San Diego MSA. The bank's market share of small loans to businesses by number of loans was 0.49%, ranking the bank 18 out of the 198 commercial lenders. This is comparable to FNB's deposit market share performance when the effect of eleven large credit card lenders is considered. Community development loans enhanced the bank's performance. The bank originated 40 CD loans totaling \$78.8 million representing 29% of the bank's total reportable loan volume by dollar and represents 77% of Tier One Capital.

Because a bank cannot report loans secured by residential real estate as small business loans, it may at its option collect and maintain the loan data for evaluation of its CRA performance. For this evaluation, the bank included loans that were secured by residential real estate but used for small business purposes. The bank originated 17 of these loans in amounts of \$1 million or less, totaling \$4.1 million. These additional loans, while not included in the volume or market share information for comparative purposes, show further efforts the

bank is making to help meet small business credit needs in its AA. Other contextual issues relating to the bank's operational history, strategic focus, and market competition are more fully discussed in the "Description of Institution" section on page 5 and "Market Profile" section in Appendix B.

### Distribution of Loans by Income Level of the Geography

FNB's overall geographic distribution of loans reflects good penetration throughout the assessment area.

#### ***Small Loans to Businesses***

Refer to Table 6 and 6a in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses in the AA is good. In 2003, the percentage of FNB's small business loans granted in low-income tracts exceeded the percentage of businesses located in those tracts. In moderate-income tracts, the bank's percentage of loans did not compare as favorably and was below the demographic comparator. An opposite result occurred in 2004. The distribution of the bank's lending in low-income tracts was below the demographic while in moderate-income tracts the distribution exceeded the demographic. Contextual information provides mitigating factors for the results. The only banks outperforming FNB in lending to small businesses in the AA are large regional and national commercial banks. In addition, the 2004 market share that FNB achieved in both low- and moderate-income geographies on a combined basis exceeds the overall market share for small loans to businesses. This shows that within the context of the competitive banking environment, FNB was able to improve its overall market share in its penetration of low- and moderate-income geographies. This helps mitigate the bank's lower distribution of loans to moderate-income geographies in 2003 and low-income geographies in 2004, leading to a conclusion of good geographic distribution.

### Lending Gap Analysis

Bank information and reports that provide detail on FNB's small loans to businesses granted during the evaluation period reflect no areas having low loan penetration that could not be reasonably explained. Census tracts with little or no loan penetration are predominantly those tracts situated at unreasonable distances from FNB branches, or are tracts located in outlying areas of the AA that are served by other financial institutions.

#### ***Inside/Outside Ratio***

The bank's inside/outside ratio is excellent. During the evaluation period, FNB originated a substantial majority (94%) of its small business loans to borrowers within the AA. This performance has a favorable impact on the overall analysis of lending.

### Distribution of Loans by Income Level of the Borrower

FNB's distribution of small loans to businesses of different sizes is adequate.

### **Small Loans to Businesses**

Refer to Table 11 and 11a in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The percentage of FNB's loans to small businesses (businesses with revenues of \$1 million or less) is notably less than the percentage of small businesses operating in the AA. The highly competitive environment provides some explanation for this result. The majority of large regional and national banks not headquartered in San Diego dominate the market. Competition from credit card lenders in particular, with specialized products that easily result in large numbers of small loans, presents exceptional challenges for a local community bank in this market segment. Favorably, FNB granted more than half of its loans to small businesses during 2003 and 2004 in amounts of \$100 thousand or less, reflecting its efforts to meet the need for smaller loans to businesses in the AA. As well, the bank's market share of *loans to small businesses* compares closely to its overall market share of *small loans to all businesses*.

### **Community Development Lending**

Refer to Table 1 and 1a Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

Community development lending in the San Diego MSA is excellent. FNB originated a very high level of community development loans during the evaluation period that enhances performance under the Lending Test. These loans provide financing for projects that would revitalize or stabilize low- and moderate-income areas, as well as create jobs for low- and moderate-income persons.

In addition, the bank originated several loans that provided affordable housing in its AA and granted loans to community service organizations that target their services to low- and moderate-income individuals.

FNB originated 28 CD loans totaling of \$59 million during the period from January 1999 through December 2003. Of the number of loans originated, 61% were to revitalize or stabilize low- and moderate-income (LMI) geographies, 29% promoted economic development in the AA by creating or retaining jobs, and 7% provided affordable housing construction. The remaining 4% consisted of a loan to a non-profit corporation in a low-income tract providing hospice care to terminally ill low- and moderate-income individuals.

During the period from January 2004 through September 2004, FNB originated another 12 CD loans totaling \$20 million. Of the number of loans originated, 84% were to revitalize or stabilize low- and moderate-income geographies, and the remaining 16% provided affordable housing and economic development in the AA.

Specific examples of CD loan originations include:

- A \$4.7 million loan in downtown San Diego to rehabilitate a single room occupancy ("SRO") hotel. The SRO offers affordable rents and usually does not require security deposits or first and last month's rent. The project involves the use of the City of San Diego

Redevelopment Agency low-income housing program and federal historic rehabilitation tax credits as partial funding. A total of 260 units are available.

- A \$4.6 million loan for the construction of an industrial building to revitalize a moderate-income area that is a State Enterprise Zone. This loan will enable more businesses to come to the area as part of the industrial redevelopment.

## Product Innovation and Flexibility

FNB's product flexibility has a positive impact on the overall Lending Test performance. No loan products are considered "innovative."

**FNB offers flexible loan products that benefit small businesses through its SBA department. The bank has two loan programs that are intended to reduce the processing time for applicants seeking small business credit. These programs include the *Direct Fast Track* loan and the *SBA Express* program. Both programs have an abbreviated application process and quick turnaround for loans of \$100,000 or less. The bank is a Preferred SBA Lender, a designation awarded to lenders that have been heavily involved in regular SBA loan-guarantee programs. Under this status, FNB has partial delegation of authority and is given priority turnaround by SBA on its applications. For 2003 and year-to-date 2004, FNB originated 37 *Fast Track* loans totaling \$2.9 million and 40 *SBA Express* loans totaling \$3 million. An SBA San Diego regional report as of July 2004 ranked FNB sixth out of 57 lenders by loan volume in the San Diego area.**

In 2004, FNB applied to become certified to offer the SBA Community Express pilot program. This program targets businesses located in low- and moderate-income areas. It also includes technical assistance components including pre- and post-closing technical and management assistance from local non-profit providers.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "**High Satisfactory**". Based on the full-scope review, the bank's performance in the San Diego-Carlsbad-San Marcos MSA is good. The key factors that support this rating include:

- The dollar volume of qualified investments is good given the investment opportunities within the AA and the bank's capacity to address those needs.
- Qualified investments are responsive to the affordable housing, small business credit, and community service needs.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

As of this evaluation period, the bank has 11 qualified investments totaling \$4.6 million. This represents 4.8% of Tier One Capital. FNB invested in six qualified investments during the evaluation period totaling \$4.5 million. Of this amount, the bank invested in three community development (CD) mortgage-backed securities totaling \$3.5 million. These securities provided home mortgage financing to LMI borrowers in the bank's AA. In addition, the bank made a capital contribution for \$800,000 to two small business investment companies ("SBICs"). These SBICs target small- and medium-size businesses in need of debt and early stage capital financing. The bank also obtained a \$100,000 certificate of deposit with a community development financial institution (CDFI) that was formed to address community development needs in San Diego County.

Included in the qualified investment total is \$27,000 in donations the bank contributed to CD organizations throughout the AA. These donations target organizations that provide economic development, small business assistance, affordable housing, and other community services targeted to LMI persons. FNB provides office space for Consumer Credit Counseling Services of San Diego ("CCCS") in a branch located in a moderate-income geography, representing an in-kind donation of the fair market value of the space. The CCCS provides credit counseling services for consumers in South San Diego County. A certified housing and credit counselor is available Monday through Friday during branch office hours. This program addresses the need for improved financial literacy in LMI communities.

Other investments include outstanding balances from prior investments, including an equity investment of \$18,000 in the CDFI mentioned above and \$58,000 in a non-profit multi-bank lending consortium. The consortium addresses affordable housing for LMI individuals and senior citizens throughout the state. Also included in this evaluation are a \$24,000 investment in a loan pool and a \$4,000 equity investment in a multi-bank for-profit community development corporation ("CDC"). The CDC provides small business loans to qualifying entities. The CDC also provides financial and technical assistance to small businesses, especially those owned by women and minorities and/or located in low- and moderate-income census tracts or in designated Enterprise Zones throughout San Diego County. FNB is a founding member of this organization.

FNB currently has an unfunded commitment of \$280,000 for a capital contribution to the SBIC described above that provides capital for early stage small-and medium-size companies.

## SERVICE TEST

The bank's performance under the Service Test is rated "**High Satisfactory**". Based on the full-scope review, the bank's performance in the San Diego-Carlsbad-San Marcos MSA is good. The key findings that support the rating include:

- Accessibility to FNB's retail services is good. The bank's branch locations are accessible to essentially all portions of the AA.
- FNB provides a good level of community development activities through involvement with community service and economic development organizations in its AA.

## Retail Banking Services

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

FNB's distribution of its 13 branches by income level of the community is good. One branch is located in a low-income census tract and two others are in moderate-income tracts. Branch distribution in low-income tracts of 7.69% compares reasonably to 8.06% of total persons living in low-income tracts in the bank's AA. Branch distribution in moderate-income tracts does not compare as favorably. FNB has 15% of its branches in moderate-income tracts compared to population statistics of 24%. It is important to note, however, that two branches in middle-income tracts and one branch in an upper-income tract are less than a quarter mile from low- or moderate-income geographies. These branches are easily accessible by public transportation. Hours of operation of all FNB branches are reasonable.

The bi-lingual ATM network serves as an alternate delivery system for providing retail banking services. The majority of branches have ATMs that accept deposits. As well, 8% of the bank's proprietary ATMs are located in low-income areas, which is consistent with the area demographics. While 8% of FNB's ATMs are located in moderate-income areas compared to the moderate-income demographics of 25%, there are mitigating factors. Three of the branches in middle- and upper-income areas are in close proximity to low- and moderate-income areas making them easily accessible. FNB customers also have access to ATMs of other banks without additional charges imposed.

In 1999, FNB expanded its products and services to offer electronic banking. This service provides the ability to review transactions and pay bills. Other alternative delivery services include night drop boxes, bank-by-mail, and bank-by-phone.

FNB offers bi-lingual services for its customers. Employees at the majority of its offices, including those in low- and moderate-income areas, speak Spanish or Chinese. In addition, consumer disclosures are available in Spanish.

## Changes in Branch Locations

During the evaluation period, FNB's opening and closing of branches has not adversely affected the accessibility of delivery systems, particularly in low- and moderate-income geographies. Since 1999, the bank closed seven branches and opened two. Most of the closures were related to branch overlapping due to either acquisition activity or expiring lease agreements. Of the bank closures, one branch was located to a low-income area and another in a moderate-income area. The moderate-income branch was acquired through acquisition. This branch was located 111 miles from San Diego in the Imperial County city of Calexico. Management realized that it was unable to service the area as it had hoped because the primary needs in that area were consumer products and competitive banks located in Calexico were more successful servicing this market. The branch closed in the low-income area was due to the expiration of its lease. The branch was relocated approximately one mile from its original location, but continues to sit directly adjacent to low- and moderate-income geographies. In addition, the new location is easier to access and provides customers



improved parking conditions given that limited parking was a recurring complaint from customers at the former location.

## Community Development Services

FNB provides a good level of community service. During the evaluation period, management and employees performed in excess of 500 hours of community service. The bank is a member of the Banker's Small Business Community Development Corporation ("CDC"). This CDC's mission is to provide financing to small businesses, particularly those owned by women and minorities and/or located in low- to moderate-income census tracts. FNB performed a community development analysis to determine where bank management and employees were providing CD volunteer services, which is outlined below:

- 45% of activities were attributed to community services that target LMI individuals.
- 38% of activities were attributed to economic development of the assessment area.
- 8% of activities were attributed to affordable housing needs in San Diego County.
- 5% of activities were attributed to revitalizing and stabilizing LMI areas.

Bank management participates in a number of community development activities. The activities include membership in the following organizations:

- FNB's president serviced as a loan committee member of the South Bay Economic Development Council, a non-profit with a mission to promote economic development to the southern area of San Diego County, including the economically disadvantage cities of National City, Imperial City, and San Ysidro.
- A vice president at the Chula Vista branch participated with the Chula Vista Redevelopment Agency to promote the San Diego Store Front Improvement program. The Redevelopment Division implemented the program to eliminate physical and economic blight conditions and to promote orderly commercial, industrial, and residential redevelopment and revitalization in targeted areas.
- A bank officer has served on the Bankers CDC's Board of Directors for nine years.
- A vice president in the SBA Department served as a speaker for the Heartland Foundation to discuss facts about the business application process, credit evaluation, and protecting personal credit. The Heartland Foundation was established to train, develop, support, and empower low-income individuals to obtain and maintain employment at livable wages, helping to foster self-sufficiency.
- Vice president at the El Camino branch served as Board of Trustees president of the Vista Community Clinic. The clinic serves the medical needs in low- and moderate-income areas in northern San Diego.

- Senior Vice President of the SBA department serviced on loan committee of the Southern California Small Business Development Corporation (“SBDC”). This SBDC provides small business loans and technical assistance to clients in San Diego County.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/03 to 09/30/04) Investment and Service Tests and CD Loans: (01/01/99 to 9/30/04)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First National Bank (FNB) - San Diego, CA	Small Business Loans, CD Loans, CD Investments, and CD Services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
San Diego-Carlsbad-San Marcos #41740	Full Scope	

# Appendix B: Market Profiles for Full-Scope Areas

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## Table of Contents

### Market Profiles for Areas Receiving Full-Scope Reviews

San Diego-Carlsbad-San Marcos Metropolitan Statistical Area .....	B-2
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### San Diego-Carlsbad-San Marcos #41740

Demographic Information for Full Scope Area: SAN DIEGO-CARSLBAD-SAN MARCOS						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	589	8.15	22.41	37.52	31.41	0.51
Population by Geography	2,715,693	8.06	23.54	37.74	30.36	0.31
Owner-Occupied Housing by Geography	534,095	2.37	13.77	40.87	42.98	0.00
Business by Geography	195,105	5.08	21.81	37.79	35.27	0.04
Farms by Geography	3,403	3.14	17.90	40.61	38.32	0.03
Family Distribution by Income Level	646,775	20.98	17.86	20.09	41.08	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	251,179	14.10	33.95	35.81	16.13	0.00
Median Family Income		53,544	Median Housing Value		229,602	
HUD Adjusted Median Family Income for 2004		62,400	Unemployment Rate (1990 US Census)		2.78%	
Households Below Poverty Level		10.34%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2004 HUD updated MFI

First National Bank has delineated an assessment area that includes a substantial majority of San Diego County. It contains 589 geographies including 48 low-income and 131 moderate-income geographies. The assessment area includes the cities of National City and Chula Vista to the south, Oceanside, Fallbrook, and Escondido to the north, and extends to the mountainous region on the east. There are 13 offices in the area.

The San Diego-Carlsbad-San Marcos Metropolitan Statistical Area consists of San Diego County and is the southern-most major metropolitan area in California. Bordered on the north by Orange and Riverside counties, on the east by Imperial County, on the west by the Pacific Ocean, and on the south by Mexico, San Diego County includes 4,261 square miles of urban and rural land. The 2000 U.S. Census indicates a population of 2,813,833, a 13% increase over the 1990 numbers. The San Diego Regional Planning Agency projects another 38% in population growth over the next 20 years.

The overall area is comprised of 19 jurisdictions including 18 cities of which the city of San Diego, with a population of 1.3 million, is the largest. The most heavily populated areas are located along the coast where jobs are concentrated in the military, biotechnology, commercial, international trade, tourism, and professional services. The region's location on the Pacific Rim and its proximity to the Mexican border (17 miles from downtown San Diego) has resulted in trade benefits for businesses seeking to take advantage of the North American Free Trade Agreement ("NAFTA").

Inland areas have more of an agricultural presence. There are also several Indian tribes and reservations located within the county with Native Americans comprising 1% of the area's population. There is even a tribally owned bank located within the county.

San Diego is the sixth largest city in the country, and the second largest in California. The Milken Institute has labeled the city as the top-performing city in the state in job, wage and salary growth, and high-tech output. According to the same study, it is the fifth top-performing

city in the country. Business opportunities exist in the county in the form of a workforce with access to several institutes of higher learning including the University of California at San Diego, San Diego State University, the University of San Diego, and other private colleges, community colleges, and vocational schools. There is a good employee base with a median age of 32. Telecommunications, software, and biotech are the fastest growing industries. San Diego's unemployment rates are just under 4% in 2004, comparing favorably to California's 5.5%, and the nation's 6% rate.

Banking competition is strong with numerous large, regional, and community banks and other financial service providers. The largest banks offering commercial and consumer financial products include Bank of America, Washington Mutual Bank, Wells Fargo Bank, Union Bank of California, California Bank and Trust, and Citibank. Often such large institutions have the advantages of brand recognition and marketing power over smaller local institutions.

Low interest rates are expected to keep the region's housing market strong during the upcoming year, and housing sales are projected to increase around 10%. The supply of housing is not anticipated to keep pace with local population growth, so prices are projected to increase about 12%. As local housing prices continue to escalate, fewer residents can afford to own a home. Currently, 16% of the region's population can afford a median priced home (which was over \$450,000 in 2003), compared to 25% throughout California, and 57% nationwide. The average home price in April 2004 pushed into the low \$500 thousands. Currently, there is a housing shortage for all income groups, but the shortage has impacted low- and moderate-income residents most acutely.

The increase in single-family housing prices has led more residents to purchase condominiums, which in turn has led to a rise in condominium prices, the conversion of 29 apartment complexes to condominiums, and the sale of 2,155 condominium units. The apartment to condominium conversion has affected the area's apartment rental market, with vacancies projected to continue to run in the 4 to 5% range, and possible rent increases of 2 to 3% for the upcoming year.

Based on our knowledge and information that we reviewed from existing contacts with community members knowledgeable about the MSA, we identified that affordable housing is a significant issue in the area. Demand is strong and supply is short for both single family and multi-family homes. We also concluded that there are numerous opportunities for formal community development relationships at the local level as well as through statewide programs.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.



Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Institution ID: 17212

**Table 1. Lending Volume**

LENDING VOLUME												
Geography: SAN DIEGO AA												
Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003												
MA/Assessment Area (2003):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
SAN DIEGO-CARLSBAD-SAN MAR	100.00	0	0	469	100,352	8	580	28	59,209	505	160,141	100.00

\* Loan Data as of December 31, 2003. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 1, 1999 to December 31, 2003

\*\*\* Deposit Data as of December 2, 2004. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

## Institution ID: 17212

### Table 1a. Lending Volume

LENDING VOLUME		Geography: SAN DIEGO AA				Evaluation Period: JANUARY 1, 2004 TO SEPTEMBER 30, 2004						
MA/Assessment Area (2004):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
SAN DIEGO-CARLSBAD-SAN MAR	100.00	0	0	395	90,602	5	1,154	12	19,623	412	111,019	100.00

\* Loan Data as of September 30, 2004. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from January 1, 2004 to September 30, 2004.

\*\*\* Deposit Data as of December 2, 2004. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: 17212

Table 1. Other Products

LENDING VOLUME		Geography: SAN DIEGO AA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003								
MA/Assessment Area (2003):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA****
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
SAN DIEGO-CARLSBAD-SAN MAR	100.00	10	1,309	10	1,309	0	0	0	0	0	0	0	0	100.00

\* Loan Data as of December 31, 2003. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 1, 2003 to December 31, 2003.

\*\*\* Deposit Data as of December 2, 2004. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

## Institution ID: 17212

Table 1a. Other Products

LENDING VOLUME		Geography: SAN DIEGO AA				Evaluation Period: JANUARY 1, 2004 TO SEPTEMBER 30, 2004								
MA/Assessment Area (2004):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
SAN DIEGO-CARLSBAD-SAN MAR	100.00	7	2,765	7	2,765	0	0	0	0	0	0	0	0	100.00

\* Loan Data as of September 30, 2004. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 1, 2004 to September 30, 2004.

\*\*\* Deposit Data as of December 2, 2004. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Institution ID: 17212

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: SAN DIEGO AA					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography <sup>*</sup>				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans						
<b>Full Review:</b>																
SAN DIEGO-CARLSBAD-SAN MARCOS MSA	469	100.00	5.10	5.12	21.99	19.83	37.35	35.39	35.51	39.66	0.47	0.61	0.50	0.45	0.51	

<sup>\*</sup> Based on Dun & Bradstreet (2003)

<sup>\*\*</sup> Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

<sup>\*\*\*</sup> Source Data - Dun and Bradstreet (2003).

Institution ID: 17212

**Table 6a. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: SAN DIEGO AA					Evaluation Period: JANUARY 1, 2004 TO SEPTEMBER 30, 2004					Market Share (%) by Geography <sup>*</sup>				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans						
<b>Full Review:</b>																
SAN DIEGO-CARLSBAD-SAN MARCOS MSA	395	100.00	5.08	4.30	21.81	23.80	37.79	33.42	35.27	38.48	0.47	0.61	0.50	0.45	0.51	

<sup>\*</sup> The evaluation period for Optional Product Line(s) is from January 1, 2004 to September 30, 2004.

<sup>\*\*</sup> Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

<sup>\*\*\*</sup> Source Data - Dun and Bradstreet (2003).

Institution ID: 17212

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: SAN DIEGO AA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans					
<b>Full Review:</b>															
SAN DIEGO-CARLSBAD-SAN MARCOS MSA	8	100.00	2.93	0.00	18.27	25.00	39.66	37.50	39.10	37.50	0.47	0.61	0.50	0.45	0.51

\* Based on Dun & Bradstreet (2003).

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2003).



**Table 7a. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS															
Geography: SAN DIEGO AA															
Evaluation Period: JANUARY 1, 2004 TO SEPTEMBER 30, 2004															
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
SAN DIEGO-CARLSBAD-SAN MARCOS MSA	5	100.00	3.14	0.00	17.90	0.00	40.61	40.00	38.32	60.00	0.47	0.61	0.50	0.45	0.51

\* The evaluation period for Optional Product Line(s) is from January 1, 2004 to September 30, 2004.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2003).

Institution ID: 17212

## Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: SAN DIEGO AA			Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
SAN DIEGO-CARLSBAD-SAN MARCOS MSA	469	100.00	64.08	36.89	53.09	21.54	25.37	0.47	0.45

<sup>\*</sup> Based on Dun & Bradstreet (2003).

<sup>\*\*</sup> Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

<sup>\*\*\*</sup> Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2003).

<sup>\*\*\*\*</sup> Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 4.90% of small loans to businesses originated and purchased by the bank.

## Table 11a. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: SAN DIEGO AA			Evaluation Period: JANUARY 1, 2004 TO SEPTEMBER 30, 2004				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
SAN DIEGO-CARLSBAD-SAN MARCOS MSA	395	100.00	65.30	36.96	53.92	17.72	28.35	0.47	0.45

\* The evaluation period for Optional Product Line(s) is from January 1, 2004 to September 30, 2004.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2004).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 2.53% of small loans to businesses originated and purchased by the bank.

Institution ID: 17212

**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: SAN DIEGO AA		Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans <sup>****</sup>	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
SAN DIEGO-CARLSBAD-SAN MARCOS MSA	8	100.00	84.14	37.50	87.50	12.50	0.00	1.42	0.67

<sup>\*</sup> Based on Dun & Bradstreet (2003).

<sup>\*\*</sup> Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

<sup>\*\*\*</sup> Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2003).

<sup>\*\*\*\*</sup> Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

## Table 12a. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: SAN DIEGO AA		Evaluation Period: JANUARY 1, 2004 TO SEPTEMBER 30, 2004					
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
SAN DIEGO-CARLSBAD-SAN MARCOS MSA	5	100.00	82.60	0.00	20.00	40.00	40.00	1.42	0.67

\* The evaluation period for Optional Product Line(s) is from January 1, 2004 to September 30, 2004.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2004).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Institution ID: 17212

## Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
			Geography: SAN DIEGO AA		Evaluation Period: JANUARY 1, 1999 TO SEPTEMBER 30, 2004				
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
SAN DIEGO-CARLSBAD-SAN MARCOS MSA	5	130	6	4,468	11	4,598	100.00	1	280

\* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Institution ID: InstitID

### Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: SAN DIEGO AA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003									
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
SAN DIEGO-CARLSBAD-SAN MARCOS MSA	100.00	13	100.00	7.69	15.38	23.08	53.85	2	7	- 1	- 1	0	- 3	8.06	23.42	37.51	30.71

Institution ID: 17212

## Distribution of Branch and ATM Delivery System

Distribution of Branch and ATM Delivery System		Geography: SAN DIEGO AA						Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003									
MA/Assessment Area:	Deposits	Branches						ATMs				Population					
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				#of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
SAN DIEGO-CARLSBAD-SAN MARCOS MSA	100.00	13	100.00	8	15	23	54	12	100.00	1	1	3	7	8.06	23.42	37.51	30.71



