



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

September 23, 2002

### Community Reinvestment Act Performance Evaluation

Cupertino National Bank & Trust  
Charter Number: 18595

20230 Stevens Creek Boulevard  
Cupertino, CA 95014

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.

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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

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

Performance Levels	Cupertino National Bank & Trust Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	√	√	√
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 achieved an excellent level of lending activity despite competitive pressures and rapid decline in local economic conditions. The distribution of small loans to businesses in low- and moderate-income geographies is good, while lending to businesses of different sizes is adequate.
- The bank originated an excellent level of community development loans to finance affordable housing and redevelopment projects in low- and moderate-income neighborhoods within the assessment area.
- The bank deployed a good level of funds into the community through the purchase of qualified investments and cash donations. These investments and donations exhibit good responsiveness to the credit and community development needs of the assessment area.
- The bank has an adequate distribution of branches among geographies of different income levels. Additionally, bank directors, officers, and employees devote numerous hours and provide technical assistance to various community organizations that serve the community development needs of the assessment area.

## 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.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**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 household and no wife present) or 'female householder' (a family with a female household and no husband present).

**Full-Scope 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-Scope 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

Cupertino National Bank and Trust (“CNBT” or the “bank”) is a full-service intrastate bank headquartered in Cupertino, California. It opened for business in 1985. CNBT is primarily a commercial bank that serves the deposit and credit needs of small and medium sized businesses throughout Santa Clara County. The bank is a wholly owned subsidiary of Greater Bay Bancorp (“GBB”), a multi-bank holding company headquartered in Palo Alto, California.

As of June 30, 2002, the bank reported total assets of \$2.29 billion, up 15 percent from \$2 billion reported during the same period a year ago. CNBT reported year to date net income of \$14 million, which yielded a 1.27 percent return on average assets. Tier One Capital, net of any allowances for loan and lease losses, totaled \$185.73 million. The Tier One Capital includes approximately \$24 million in intangible assets such as acquisition costs and goodwill. The Tier One Capital represents 13.2 percent of the bank’s risk-weighted assets. The bank reported \$1.69 billion in gross loans and leases, which represent 74 percent of total assets. Because the bank is primarily a business bank, its portfolio of loans mostly consists of commercial loans. Commercial and industrial loans together with commercial real estate loans represent the largest categories of loans, comprising 82 percent of the dollar volume of the loan portfolio. Consumer lending is primarily done on an accommodation basis to existing customers and represents just over 3 percent of the loans. Deposits total \$1.4 billion, and primarily consist of money market deposits (49 percent), time deposits (35 percent), savings (12 percent), and demand deposits (4 percent).

The bank’s parent company, Greater Bay Bancorp, owns a family of 11 community banks with 43 branches and operations throughout the San Francisco Bay Area. GBB reported total assets of more than \$8.53 billion, total liabilities of \$7.99 billion, and total equity of \$537 million, as of June 30, 2002. GBB was formed during November 1996 as the result of the merger between Mid-Peninsula Bancorp and Cupertino National Bancorp. Subsidiary banks include Bank of Petaluma, Bank of Santa Clara, Bay Area Bank, Bay Bank of Commerce, Coast Commercial Bank, Cupertino National Bank, Golden Gate Bank, Mid-Peninsula Bank, Mt. Diablo National Bank, Peninsula Bank of Commerce, and San Jose National Bank.

During October 2000, the bank acquired The Matsco Companies (“Matsco”), a \$170 million financial services company that specializes in leasing dental and medical equipment to dentists and veterinaries nationwide. Matsco held approximately \$200 million in leases when it was acquired. Matco is currently operating as a department within the bank. Because Matsco underwrites many of its leases to customers outside of the bank’s assessment area, these loans and leases may adversely affect the bank’s CRA performance within its assessment area. Please refer to the “*Lending Activity*” and “*Inside/Outside Ratio*” sections of the Lending Test for additional discussion of the bank’s lending performance.

The Board of Directors has designated the San Jose MSA (Santa Clara County) as the bank’s sole assessment area. The assessment area delineation meets the legal requirements of the CRA and does not arbitrarily exclude low- or moderate-income (“LMI”) geographies. CNBT operates five full-service branches in this assessment area, which comprises 385 census tracts and is home to 1.5 million persons.

CNBT does business in a highly competitive banking environment. The bank competes with 54 other local community banks and branches of larger regional and super-regional banks for deposits. In addition, its competition for loans is even more intense as the bank competes with 132 lending institutions that operate in the assessment area. This intense competition, along with economic

conditions, has affected new business opportunities. The bank targets small- to medium-sized businesses in the assessment area and offers a variety of commercial loan and deposit products.

At the last CRA examination, as of October 19, 1999, CNBT received an “Outstanding” rating. Currently, the bank has no legal, financial, or other factors impeding its ability to help meet the credit needs in its assessment area.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation presents information on CNBT's small business lending activities from October 1, 1999, through June 30, 2002. Unless otherwise stated, references to loans mean exclusively these types of loans. We also evaluated the bank's community development lending activities, investments, and services from the previous Performance Evaluation, dated October 19, 1999, through the current Performance Evaluation, dated September 23, 2002.

### Data Integrity

To determine the accuracy of the bank's small business loan data that we used in our analyses, we performed a separate data integrity examination on April 8, 2002. Additionally, during the CRA examination, we reviewed all originated and pending community development loans, investments, and services to ensure that each activity has community development as its primary purpose. We determined that the information available for small business and community development lending, investments, and services was substantially accurate for use in our assessment of the CRA performance of the bank.

### Selection of Area for Full-Scope Review

The bank designated all of the San Jose MSA (Santa Clara County) as its sole assessment area. Please refer to appendix B for a complete description of this assessment area.

### Ratings

CNBT's overall rating is based on the area that received a full-scope review. In arriving at the bank's overall record of performance, we evaluated activities under the Lending, Investment, and Service Tests in the San Jose MSA. The rating method is structured such that the Lending Test weighs most heavily of the three tests in the final determination. In addition, community contacts identified small business and affordable housing lending as the primary credit needs in this area.

### Other

A community contact on file, which was conducted with a local Community Development Corporation in 2001, indicates the need for financial institutions to participate in community development and financing programs offered by non-profits. This includes participation in loan pools that finance affordable housing and small businesses. Financial institutions also need to participate in educational, training, and money management programs offered by non-profits.

## **Fair Lending Review**

An analysis of the most recent public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1999.

## Conclusions with Respect to Performance Tests

### LENDING TEST

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

CNBT's performance under the lending test is rated "**High Satisfactory.**" Based on a full-scope review, the bank's performance in the San Jose MSA assessment area is good.

- The bank achieved an excellent level of lending activity within its assessment area despite competitive pressures and local economic conditions.
- The distribution of small loans to businesses in low- and moderate-income geographies is good, while lending to businesses of different sizes is adequate.
- The bank originated an excellent level of community development loans to finance affordable housing and fund redevelopment projects in low- and moderate-income neighborhoods.

#### Lending Activity

(Refer to Table 1 in appendix C for the facts and data used to evaluate the bank's lending activity.)

Only in this section of the Performance Evaluation is market share measured by dollar volume of accounts. This is done in order to make the loan and deposit information comparable. Elsewhere in this document, market share refers to the number of transactions.

Small loans to businesses and community development loans are the only products used to evaluate CNBT's performance under the Lending Test. As reflected in the above referenced table, small business loan products are the only significant lending products in which the bank reported information during this evaluation period. The bank is not a HMDA lender.

Two significant contextual issues in the evaluation of the bank's lending activity are the highly competitive nature of its market and the rapid decline in economic conditions. These influencing factors are more fully discussed in the Market Profile in appendix B. But these factors did adversely affect CNBT's ability to make loans through reduced opportunities. A depressed economy reduces the demand for credit. And competition from much larger financial institutions, some that are national in scope and have greater marketing power, reduces the bank's ability to achieve market penetration.

Despite these market pressures, CNBT achieved an excellent level of lending activity. As of June 30, 2000, the bank held a 3.13 percent market share of FDIC insured deposits in the assessment area, ranking it 10th among 54 financial institutions. Aggregate data for the dollar volume of small loans to businesses in 2000, shows that CNBT achieved a 6.44 percent market share, compared with an average market share of only 0.75 percent for all lenders. This market share ranks the bank fourth among 132 lenders. CNBT's market share for small loans to businesses by dollar amount substantially exceeded its market share for deposits. In relation to its size and market conditions, the bank did an excellent job of

reinvesting its deposits into small loans to businesses in order to meet an important credit need identified in the community.

Peer group data is not available for analysis of CD lending activity. Nevertheless, as is more fully discussed later in this Performance Evaluation, CNBT has a high dollar volume of these kinds of loans.

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

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

*(Refer to Table 6 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 is good. The percentage of loans made in low-income geographies substantially exceeds the percentage of businesses located in low-income geographies. Additionally, the portion of loans made in moderate-income geographies is near to the portion of businesses in those geographies. The market share for these loans in both low-income and moderate-income geographies exceeds the bank's overall market share in the assessment area. In view of the competitive pressures and adverse economy previously described, the bank's ability to attain a higher market share in low- and moderate-income geographies is indicative of good performance.

### ***Lending Gap Analysis***

Maps and reports detailing CNBT's lending activity over the evaluation period for small loans to businesses were reviewed to identify gaps in the geographic distribution of those loans. No unexplained conspicuous gaps were identified. CNBT penetrated 64 percent of the low-income geographies, 49 percent of the moderate-income geographies, 42 percent of the middle-income geographies, and 56 percent of the upper-income geographies in its assessment area with its small loans to businesses. The absence of unexplained gaps in the bank's lending activity had a positive effect upon our conclusion about the geographic distribution of CNBT's lending activity.

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

CNBT originated an adequate number of small loans to businesses within its assessment area. Only 55 percent of the reported loans were made to borrowers in the assessment area. Part of the cause for this low ratio is the lending activity of Matsco, the bank department that specializes in making loans to medical professionals throughout the United States.

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

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

*(Refer to Table 11 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 borrower distribution of small loans to businesses is adequate, based on available demographic information. The bank's market share of loans made to small businesses actually exceeds its overall market share for small loans to all businesses, indicating that CNBT emphasizes this market segment in its commercial lending activities. However, the percentage of CNBT's reported small loans to businesses that were actually made to borrowers that meet the small businesses definition is low compared to the percentage of businesses in the assessment area that are small businesses. Also, the percentage of CNBT's loans made in amounts of \$100,000 or less is significantly below the percentage of small businesses in the assessment area. The competitive environment for small loans to businesses is a significant mitigating factor, though. In this assessment area, six of the top ten reporting small business lenders are out-of-area credit card issuers that operate on a national level. The average loan size for these credit card issuers is \$11,000 and less. The bank's average loan size for small loans to businesses in 2000 was \$254,000, which is similar to the \$250,000 average loan size for all reporting lenders in the assessment area. Also, large interstate banks like Bank of America, Bank One, Chase Manhattan Bank, Key Bank, and Wells Fargo Bank, compete in this market. These larger banks and specialized lenders like credit card issuers can in many cases offer special products or otherwise more efficiently meet the need for small business loans. For this reason, we give market share more weight in this analysis than loan size or percentage of total reported loans that were actually made to small businesses, leading to an overall adequate performance.

## **Community Development Lending**

*(Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.)*

The excellent level of community development lending has a positive impact on the Lending Test. CNBT made 17 CD loans totaling \$42.83 million since the prior evaluation. The bank's CD loans equal 23 percent of Tier One Capital, indicating a significant commitment of funds relative to the bank's capital to meet community needs. While the volume of community development lending is significant, it cannot alone overshadow other lending performance criteria previously discussed.

Approximately one-third of the community development loans amount financed affordable housing. In one of these loans, the bank assumed a leadership role because it was willing to finance pre-development soft costs, whereas other lenders have traditionally provided financing for the short-term construction loans. Most of the other community development loans financed development or redevelopment projects located in designated redevelopment or revitalization zones in the assessment area. These redevelopment or revitalization zones are in, or immediately adjacent to, low- and moderate-income geographies and have the stated purpose of attracting small businesses to these depressed areas in order to create permanent jobs for area residents. Smaller CD loans were also made to nonprofits to finance acquisition of facilities or provide operating capital. These nonprofits specifically provide educational and child-care services to low- and moderate-income persons, as well as resident educational services to low-income developmentally disabled persons.

- CNBT made four loans totaling over \$12.6 million to finance the pre-development soft costs, site development, and construction of 37 affordable housing units for senior citizens who live on fixed incomes and cannot afford market prices for housing. This is part of a larger project that

will ultimately consist of 75 affordable apartments for senior citizens, 37 affordable cottage homes for seniors, and 175 units in a resident assisted-living facility for seniors. This large senior center will provide affordable housing and permanent jobs for the staff needed to care for the facility and its residents. Pre-development financing is a credit need reportedly not traditionally offered by local larger financial institutions.

- The bank made three loans totaling \$13 million to finance the construction of three buildings as part of a large redevelopment project on an abandoned commercial site located in a moderate-income geography in the City of Campbell. This is in a designated redevelopment zone in the city. The purpose was to upgrade a blighted area, attract businesses, and create permanent jobs for area residents.
- The bank financed the construction of a 24-apartment project designated for low- and moderate-income persons in the City of Cupertino with a \$1.6 million construction loan. The bank furthered its commitment to community development by agreeing to purchase \$1.6 million in the city's multifamily revenue bonds that will provide permanent financing for the project. Affordable housing is a critical need throughout the assessment area, particularly in the City of Cupertino where the median home price is \$780,000.

The funding of these large projects and the other CD loans made by the bank had a positive impact on communities in the bank's assessment area because they were responsive to important needs. Through the bank's CD loans, more than 61 affordable housing units were created. New jobs were created that will primarily benefit residents of low- and moderate-income geographies. New educational and social services were provided to low- and moderate-income persons. And, specific redevelopment needs identified by local communities were met.

## **Product Innovation and Flexibility**

The bank's innovative or flexible lending programs to address the credit needs of small businesses that would not otherwise qualify for traditional commercial credit include venture capital financing and accounts receivable financing. However, the amount of capital provided by venture capitalists during the evaluation period has declined as the local economy deteriorated. As a result, the volumes of loans to start-up businesses through the venture capital financing and accounts receivable financing programs have significantly declined. Nonetheless, the bank continues to offer these programs.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

CNBT's performance under the investment test is rated "**High Satisfactory**." Based on a full-scope review, the bank's performance in the San Jose MSA is good.

- The bank deployed a good level of funds into the assessment area through its purchases of qualified investments and cash donations to organizations that support community development.
- The bank's investments and donations exhibit good responsiveness to the credit and community development needs of the assessment area, including low- and moderate-income geographies and persons.

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

### Dollar amount of qualified investments

In the San Jose MSA assessment area, the bank has a good level of qualified investments, relative to number, amount, and variety. The San Jose MSA assessment area contains several opportunities for investment in community development. Within the San Jose MSA, qualified investments total \$7.39 million. The bank made 9 investments and 32 grants/donations toward programs that promote economic development, provide affordable housing, revitalize low- and moderate-income areas, and help fund essential services targeted to low- and moderate-income persons. These community development investments represent 3.98 percent of the bank's Tier One Capital. Most of these investments were made during the current evaluation period. Three investments were made in prior evaluation periods for this assessment area and are still outstanding totaling \$1.85 million. The bank has committed an additional \$9.61 million, or 5.17 percent of Tier One Capital, toward community development investments. These unfunded commitments provide additional insight into the bank's overall investment activity, and willingness and capacity to invest in the community.

### Responsiveness of qualified investments to credit and community development needs

The types of investments made and grants given to local community organizations exhibit good responsiveness to the credit and community development needs of the assessment area, particularly the needs for affordable housing. In the assessment area, \$6.10 million or 83 percent of the invested dollars were for programs that provide affordable housing. These affordable housing investments include three mortgage-backed securities ("MBS") from prior periods, with current book balances of \$1.84 million. These securities are collateralized by mortgages to low- and moderate-income borrowers.

Approximately \$1.03 million or 14 percent of the total investments were for programs that provide micro loans to small businesses and finance other programs that spur economic development. In 1999, 96 percent of the bank's community development investment dollars were centered in three MBS.

Today, MBS only comprise 25 percent with the remaining 75 percent donated or invested toward other community development needs. Examples of some of the investments that the bank has made in the community are shown below:

- Affordable Housing: During prior evaluation periods, the bank purchased three mortgage-backed securities that help finance 114 units of affordable housing and provide mortgages to low- and moderate-income families in the San Jose MSA assessment area. The current book balance of these investments as of the evaluation date is \$1.84 million.

Another example of an investment that supports the affordable housing need is the bank's \$10 million commitment to a \$50 million tax credit fund that will provide equity capital for the development of affordable multifamily housing. The fund will finance 12 housing projects in mostly low-income areas of the San Francisco Bay Area, which includes the bank's assessment area. To date, the bank has funded \$2.5 million toward its total commitment.

- Economic Development: The bank has made numerous investments in loan pools owned and operated by a consortium of local banks. The consortium is a California State certified Community Development Financial Institution ("CDFI"), which provides loans for small businesses, affordable housing, and community facilities. The bank has made \$125,000 in equity investments in the CDFI and provided \$21,000 in operating expense assessments. During the evaluation period, the bank provided \$1.75 million in funding to the loan pool for affordable housing and \$563,000 in funding to the loan pool for small business lending. Additionally, the bank has waived all interest payments due from the CDFI and reinvested those forfeited payments to the pools totaling approximately \$9,000.
- Revitalization/Stabilization: The bank made a \$1 million commitment in a new local \$100 million redevelopment fund that was established to make real estate investments in retail, office, commercial, industrial, multifamily, and select single-family housing properties in 46 targeted low-income neighborhoods throughout the San Francisco Bay Area. The targeted areas also include "brown fields" or former toxic waste sites and closed military bases. Most redevelopment will occur near areas of mass transit, including subway stations and bus terminals. The fund is innovative and one of the first of its kind in the nation. Unlike conventional redevelopment funds, this fund specifically requires the projects to directly benefit low- and moderate-income persons rather than displace them. To date, the bank has funded \$143,000 of its total commitment. The bank was one of the first investors in this innovative fund.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

CNBT's performance under the Service Test is rated "**High Satisfactory.**" Based on a full-scope review, the bank's performance in the San Jose MSA assessment area is good.

- The bank has an adequate distribution of branches. The branches are reasonably accessible to geographies and individuals of different income levels.
- The bank provides a high level of community development services that are responsive and supportive to the community's needs.

### 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.)*

The distribution of branches among the geographies of different income levels within its assessment area is adequate. This branch distribution is consistent with area demographics. All of the bank's five branches are located in the San Jose MSA assessment area.

The bank's retail services and alternative delivery systems are responsive to the community's needs. The bank offers various traditional and nontraditional products and services. None of the products are specifically tailored for low- and moderate-income persons, in terms of pricing and minimum balance requirements. Two of the branches have Automated Teller Machines ("ATMs") that accept deposits and dispense cash. These ATM-equipped branches are only in middle- and upper-income census tracts. However, customers of CNBT are also allowed to transact business at any of the 42 branches or ATMs of the 11 affiliated banks owned by the Greater Bay Bancorp without surcharges or penalties. The geographic distribution of the branches and ATMs of affiliated banks makes them reasonably accessible to almost anyone in the assessment area, including in low- and moderate-income geographies where few of the bank's ATMs are located. Other alternative delivery systems the bank offers include GreaterAccess™, the online banking service, and PrivateLine™, the telephone banking service. The telephone banking service allows customers to obtain inquiries, funds transfers, bill payment, loan application information, and other account information 24 hours a day and seven days a week, toll-free.

Since the 1999 CRA evaluation, the bank has not opened nor closed any branches in its assessment area. Branch hours are reasonable. The branches have similar operating hours and products. The bank's five branches are generally open from 9:00 a.m. to 4:30 p.m. each day. However, none of the branches are open on Saturdays and none of the branches have drive-up banking facilities. A select few of the branches of related banks are open for Saturday banking and have extended operating hours, which provide additional accessibility to customers of CNBT, including low- and moderate-income persons.

### Community Development Services

CNBT provides a high level of community development services that are responsive and supportive to its assessment area. Directors, officers, and employees have done a good job in providing technical

assistance and financial services to a variety of community organizations. In the San Jose MSA assessment area, 17 directors, officers, and employees provide financial services and/or technical service expertise to approximately 20 community development organizations. Time devoted to such organizations average approximately 110 hours per month. Services include fundraising activities as well as teaching banking workshops. The following is an example of significant community development service activities by a bank director:

- The bank's Chairman and CEO provides his financial expertise as a member of various committees at least five community development organizations that target the affordable housing, economic development, and community service needs of the community. For example, the Chairman and CEO heads a campaign committee of one organization that is responsible for raising \$1 million in contributions toward the development of a 24-unit affordable housing project in the City of Cupertino. Also, he serves as President of a local child development center that provides childcare, education, and services to children of low- and moderate-income families and the center has Santa Clara County's only childcare program for children of "welfare-to-work" mothers.

## 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: October 1, 1999 to June 30, 2002 CD Loans: October 19, 1999 to September 23, 2002 Investment and Service Tests: October 19, 1999 to September 23, 2002	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Cupertino National Bank Cupertino, California		Small Business Loans, CD Loans, CD Investments, Retail Banking Services, and CD Services
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Not applicable	N/A	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 Jose MSA #7400	Full-Scope	San Jose MSA comprises all of Santa Clara County

## Appendix B: Market Profiles for Full-Scope Areas

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### Table of Contents

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

San Jose MSA .....	B-2
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**San Jose MSA #7400**

Demographic Information for Full Scope Area: San Jose MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	385	2.86	15.32	41.30	18.18	22.34
Population by Geography	1,497,577	3.91	21.23	54.69	20.18	0.00
Owner-Occupied Housing by Geography	307,324	1.43	13.79	57.16	27.62	0.00
Business by Geography	74,870	6.07	23.28	51.90	18.49	0.26
Farms by Geography	1,296	4.32	24.46	51.54	19.68	0.00
Family Distribution by Income Level	364,307	18.71	18.69	23.99	38.61	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	136,254	6.28	30.21	53.16	10.35	0.00
Median Family Income	53,771	Median Housing Value		295,613		
HUD Adjusted Median Family Income for 2001	87,300	Unemployment Rate (July 2002)**		7.8%		
Households Below Poverty Level	5.98%					

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

Source: 1990 US Census, 2001 HUD updated MFI, and Dun & Bradstreet demographic business information.

(\*\*) Bureau of Labor Statistics

The San Jose MSA is the bank's only assessment area. This MSA is located just south of San Francisco, California, and comprises solely of Santa Clara County. The county includes the towns and cities of Gilroy, Milpitas, Morgan Hill, Los Gatos, Mountain View, Palo Alto, San Jose, Saratoga, and Sunnyvale.

The banking environment in this assessment area is highly competitive. The most recent deposit market share information from the Federal Deposit Insurance Corporation ("FDIC") for Santa Clara County as of June 30, 2001, shows that 58 insured financial institutions compete for about \$37 billion in deposits, with CNBT only holding a 3.7 percent market share. The top five institutions together hold almost 59 percent of the deposits. On the lending side, the aggregate small business loan data for the year 2000 shows that 132 reporting lenders competed for over 36,000 loans, with the top five lenders together holding 65 percent of the market share. This market share information for deposits and loans shows market dominance by a few large financial institutions. With large financial institutions, such as those with operations from coast to coast like Bank of America, Citibank, Union Bank of California, California Federal Bank, Washington Mutual Bank, Wells Fargo Bank, and World Savings Bank active in the MSA, smaller local financial institutions are at a competitive disadvantage. For both loans and deposits, there are also a number of financial service providers that are not insured by the FDIC and/or do not have to report lending activity that are also competing for banking business in the area.

Economic conditions in the MSA are near recession levels. The top 10 employers are Cisco Systems, Inc., Hewlett-Packard Company/Agilent, Apple Computer, Inc., Stanford University, Intel Corporation, Applied Materials, Inc., Applied Materials, Inc., Soletron Corporation, Lockheed Martin Missiles & Space, and Nortel Networks, Inc. As is evident by this list, the area encompasses "Silicon Valley" which is home to numerous businesses in the high technology sector. This sector provided more than 27 percent of the jobs in the MSA in the year 2000 and was at the epicenter of the recent national economic

decline. According to the Bureau of Labor Statistics (“BLS”), thousands of jobs were lost and the unemployment rate climbed from 2.2 percent in June 2000 to 7.8 percent in June 2002. The national unemployment rate in September 2002 was at 5.6 percent. The U.S. Census Bureau reports that there was a net out-migration of more than 12,000 persons in 1999, the most recent year for which migration information was available. Residential and commercial construction activity has fallen substantially. Clearly, depressed local economic conditions coupled with a shrinking population impact any bank’s ability to make sound loans.

Housing costs in Santa Clara County are high. According to the U.S. Census Bureau, the median value for homes is \$446,400, the third highest in the State of California. More than 83 percent of the homes in Santa Clara County are valued at \$300,000 or more, which makes affordable housing unattainable for many. The monthly rents exceed 35 percent of household income for approximately 21 percent of the households. Owner-occupied housing comprise 60 percent of the housing, while renter-occupied housing comprise the remaining 40 percent of housing stock.

The economic decline in the San Jose MSA occurred fairly quickly. So there still are lingering effects left over from the past prosperity created by the boom in high technology. As shown in the above table, the HUD updated median family income is still quite high, as is the median housing value. During the boom period, and continuing into the present, high incomes and high housing costs combined to cause a shortage in affordable housing. And the present depressed local economy serves to increase the need for development and redevelopment projects that will provide an economic stimulus and help remove or prevent urban blight.

The Consolidated Plans on file with HUD for Santa Clara County and the City of San Jose state significant housing and community development needs. There is a general need for affordable housing. But the County’s plan states that the highest priority is for affordable housing for the very low-income small and large family renters and the homeless. Next in priority are the low-income elderly and groups with special needs, such as the disabled. Non-housing related community development needs were identified in several areas. Improvement of public facilities is needed, including providing wheelchair access. There is a need to increase the provision of public services to LMI persons, including the low-income elderly and children. Emergency relief is needed for very low-income and homeless persons. Financial assistance is needed for non-profit organizations that address affordable housing and other needs of lower-income persons. And a broader objective is to engage in activities that prevent slums and urban blight.

In view of the above stated community needs, there appears to be ample opportunity for financial institutions to engage in a variety of community development activities.

## 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 (Omitted)** - 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 (Omitted)** - 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, 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.

**Table 1. Lending Volume**

LENDING VOLUME		Geography: CALIFORNIA				Evaluation Period: OCTOBER 1, 1999 TO JUNE 30, 2002							
MSA/Assessment Area	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA***	
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)		
<b>Full Review:</b>													
San Jose MSA	Jose MSA	100.00	0	0	608	182,703	0	0	17	42,826	625	225,529	100.00

\* Loan Data as of June 30, 2002. Rated area refers to either the state or multi-state MSA rating area.

\*\* The evaluation period for Community Development Loans is From October 01, 1999 to September 23, 2002.

\*\*\* Deposit Data as of June 30, 2002. Rated Area refers to the state, multi-state MSA, or institution, as appropriate.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE			Geography: CALIFORNIA				Evaluation Period: OCTOBER 1, 1999 TO JUNE 30, 2002								
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Up
<b>Full Review:</b>															
San Jose MSA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Aggregate HMDA Data Only.

\*\* Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.



**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT			Geography: CALIFORNIA			Evaluation Period: OCTOBER 1, 1999 TO JUNE 30, 2002									
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total <sup>**</sup>	% Owner Occupied Units***	% BANK Loans	% Owner Occupied Units***	% BANK Loans	% Owner Occupied Units***	% BANK Loans	% Owner Occupied Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
San Jose MSA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

Based on 2000 Aggregate HMDA Data Only.

\*\* Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: CALIFORNIA			Evaluation Period: OCTOBER 1, 1999 TO JUNE 30, 2002									
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total <sup>**</sup>	% Owner Occupied Units***	% BANK Loans	% Owner Occupied Units***	% BANK Loans	% Owner Occupied Units***	% BANK Loans	% Owner Occupied Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
San Jose MSA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

Based on 2000 Aggregate HMDA Data Only.

\*\* Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY			Geography: CALIFORNIA			Evaluation Period: OCTOBER 1, 1999 TO JUNE 30, 2002									
MSA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
San Jose MSA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2000 Aggregate HMDA Data Only.

\*\* Multifamily loans originated and purchased in the MSA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES 2002			Geography: CALIFORNIA			Evaluation Period: OCTOBER 1, 1999 TO JUNE 30,									
MS/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
San Jose MSA	608	100.00	6.07	10.20	23.28	20.72	51.90	47.37	18.49	21.71	0.76	1.02	0.86	0.69	0.83

\* Based on 2000 Peer Small Business Data: US&amp;PR.

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

\*\*\* Source Data - Dun and Bradstreet (2001).

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

Geographic Distribution: SMALL LOANS TO FARMS				Geography: CALIFORNIA				Evaluation Period: OCTOBER 1, 1999 TO JUNE 30, 2002								
MSA/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 Jose MSA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2000 Peer Small Business Data: US&amp;PR.

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

\*\*\* Source Data - Dun and Bradstreet (2001).

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE				Geography: CALIFORNIA				Evaluation Period: OCTOBER 1, 1999 TO JUNE 30, 2002								
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*					
	#	% of Total**	% Families**	% BANK Loans***	% Families**	% BANK Loans****	% Families*	% BANK Loans****	% Families*	% BANK Loans****	Overall	Low	Mod	Mid	Up	
<b>Full Review:</b>																
San Jose MSA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2000 Aggregate HMDA Data Only.

\*\* As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by CNBT.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT			Geography: CALIFORNIA						Evaluation Period: OCTOBER 1, 1999 TO JUNE 30, 2002					
MSA/Assessment Area:	Total Home Improvement Loans	Low-Income Borrowers	Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share					
	#	% of Total**	% Families* **	% BANK Loans***	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid
<b>Full Review:</b>														
San Jose MSA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Based on 2000 Aggregate HMDA Data Only.

\*\* As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by CNBT.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE 30, 2002			Geography: CALIFORNIA						Evaluation Period: OCTOBER 1, 1999 TO JUNE					
MSA/Assessment Area:	Total Home Mortgage Refinance Loans	Low-Income Borrowers	Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share					
	#	% of Total**	% Families***	% BANK Loans**	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans* ***	Overa ll	Low	Mod	Mid
<b>Full Review:</b>														
San Jose MSA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Based on 2000 Aggregate HMDA Data Only.

\*\* As a percentage of loans with borrower income information available. No information was available for 0% of loans originated and purchased by CNBT.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

**Table11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES 2002			Geography: CALIFORNIA			Evaluation Period: OCTOBER 1, 1999 TO JUNE 30,			
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 Jose MSA	608	100.00	83.62	45.23	39.14	20.23	40.63	0.76	1.00

\* Based on 2000 Peer Small Business Data: US&amp;PR.

\*\* Small loans to businesses originated and purchased in the MSA/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&amp;B - 2001).

\*\*\*\* 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 0.82% of small loans to businesses originated and purchased by the bank.

**Table12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS			Geography: CALIFORNIA			Evaluation Period: OCTOBER 1, 1999 TO JUNE 30, 2002			
MSA/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 Jose MSA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2000 Peer Small Business Data: US&amp;PR.

\*\* Small loans to farms originated and purchased in the MSA/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&amp;B - 2001).

\*\*\*\* 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 14. Qualified Investments**

QUALIFIED INVESTMENTS			Geography: CALIFORNIA			Evaluation Period: OCTOBER 1, 1999 TO SEPTEMBER 23, 2002			
MSA/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 Jose MSA	3	1,845	38	5,545	41	7,391	100%	3	9,611

\*'Prior Period Investments' means investments made in a previous evaluation 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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS 1999 TO JUNE 30, 2002				Geography: CALIFORNIA				Evaluation Period: OCTOBER 1,									
MSA/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	Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
San Jose MSA	100.00	5	100	0.00	20.00	60.00	20.00	0	0	0	0	0	0	3.91	21.23	54.69	20.18