



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

City National Bank
Charter Number: 14695

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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 **City National Bank** (“CNB” or the “bank”) with respect to the Lending, Investment, and Service Tests:

Performance Levels	City National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	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:

- Overall good performance in the Lending Test, characterized by excellent lending activity, good geographic distribution, excellent community development lending, use of flexible lending programs, but only adequate borrower distribution.
- Excellent performance in the Investment Test, with a high volume of investments that are targeted at important community needs, particularly affordable housing.
- Overall good provision of services to the assessment areas. CNBs service delivery systems are reasonably accessible to geographies and individuals of different income levels. The bank’s record of opening and closing branches has improved the accessibility of its branch delivery systems. CNB has a high level of community development services that are very responsive to the community’s credit needs.

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 Metropolitan Area/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 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 10 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 thousand or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 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

City National Bank is a wholly owned subsidiary of City National Corporation (CNC). The bank was founded in 1954 and the holding company, CNC, was organized in 1968. CNB is an interstate bank, with operations in California and New York.

CNB began operations in the Los Angeles-Long Beach MA (Los Angeles AA) and has expanded throughout California. In late 2002, CNB opened a private banking office in New York City. CNB is a business bank that targets its products and services toward small and medium-sized businesses, high net worth individuals, entrepreneurs, and professionals with an emphasis in the entertainment and real estate industries. The bank offers trust and insurance services, and a variety of ancillary retail products including mortgage loans, consumer loans, and credit card products. However, these retail products are primarily made available to support CNB's business and wealth management focus, and provide full-service relationships to the targeted customer base.

Since its last CRA examination as of January 10, 2000, CNB has grown from approximately \$7 billion in assets and 46 branches, to \$11.2 billion in assets with 56 branches. Growth occurred through an expanded customer base and acquisitions. The bank acquired The Pacific Bank (2000); Civic BanCorp (2002); and a branch of a bank in New York City (2002), which was converted into a private banking office. These acquisitions increased CNB's market presence in Northern California and in the San Fernando Valley of Los Angeles County. The business focus of the acquired companies is similar to CNB's. The newness of the New York City branch means that it had no effect upon the bank's performance in this evaluation period. Therefore, we did not include that branch in the tables in the Appendix.

Based on the September 30, 2002 Uniform Bank Performance Report, the bank's loan portfolio was comprised of commercial and industrial loans (37%), residential first mortgage loans (24%), commercial real estate loans (21%), construction loans (8%), and consumer loans (including home equity loans) (6%). As of the same date, the bank's Tier 1 Capital was \$770 million. There are no legal, financial or other factors impeding the ability of the bank to meet the credit needs of its assessment areas.

CNB was last examined under the CRA as of January 10, 2000, at which time it was rated "Satisfactory."

Scope of the Evaluation

Evaluation Period/Products Evaluated

The starting date of this evaluation period coincides with the ending date for data considered during the last CRA Performance Evaluation. Using that guideline, we evaluated CNB's performance using small business loan data for the period between October 1, 1999, and September 30, 2002. Our assessment period for investments, community development activities, and retail banking services was from January 11, 2000, through January 13, 2003.

Data Integrity

We performed a separate data integrity review of CNB's reported loan information in March 2002. Our findings, and those of the bank's internal review process, noted an unacceptably high error rate in the small loans to businesses for 2000 and 2001. However, management instituted corrective measures and reduced the error rate to a satisfactory level by the date of this CRA examination.

We reviewed all of the community development loans and investments submitted, and sampled community development services. Any minor errors in the data were corrected. We consider the data disclosed in the tables in Appendix C to be reliable. Therefore, the analyses and conclusions in this examination derive from accurate data.

Selection of Area for Full Review

CNB presently operates in nine assessment areas in California and one assessment area in New York. But, the New York assessment area and its branch are new to the bank, with minimal activity so far, and do not factor into this evaluation. The California assessment areas are the Los Angeles-Long Beach MA, Oakland MA, Orange County MA, Riverside-San Bernadino MA, San Diego MA, San Jose MA, Tulare-Visalia MA, Ventura MA, and San Francisco-San Mateo Counties.

As the tables in Appendix C demonstrate, the majority of CNB's deposits and loans originate in the Los Angeles AA. Furthermore, the bank's headquarters and a majority of its branches are in this assessment area. For these reasons, we selected the Los Angeles AA for a full review and the other assessment areas for limited reviews. CNB's CRA performance in the Los Angeles AA is substantially representative of its overall performance. See Appendix B for a complete description of the Los Angeles-Long Beach MA.

Ratings

The bank's overall rating is based primarily on the assessment area that received a full review. In general, the performance in each assessment area is weighted according to the percentage of deposits and loans received from that area. Hence, CNB's performance in the Los Angeles AA carries the most weight in developing the overall conclusions for the bank.

In evaluating the volume of community development loans and investments, examiners compare the dollar volume of those activities to the bank's allocated Tier 1 Capital. This capital was allocated across CNB's assessment areas based on the percentage distribution of deposits. For the Los Angeles AA, the allocation of Tier 1 Capital is \$604.6 million, or 78.5 percent of the bank's total Tier 1 Capital.

Other

We reviewed contacts on file with 11 local community development organizations in the full review assessment area. The contacts included five small business development organizations, three community development and social service organizations, and three affordable housing organizations. These contacts identified the area's major credit needs as affordable housing lending, financing of community development projects, and small business lending. The contacts also identified needs for more financial service delivery systems in low-income areas, credit counseling, grants to nonprofits, participation on loan committees of nonprofits, more flexible lending criteria, participation in SBA loan programs, and loans to businesses.

We performed two contacts during the examination. One was with a nonprofit organization that provides education and job training services to children and adults in low- and moderate-income (LMI) neighborhoods in an impoverished part of the Los Angeles AA. The other was with a Community Development Financial Institution that makes affordable housing, small business, and facilities loans in LMI communities in Southern California. These contacts articulated the need for operational support, technical assistance, and funding of their activities. They also stated the need to find jobs for graduates of their programs.

Information developed by the bank during its work with various nonprofits disclosed the need for loan packaging, lender placement, and technical assistance to businesses. Small loans, loans to start up businesses, and loans to minority and women owned businesses were also identified as needs in the Los Angeles AA. Economic development and education were identified as important needs, too.

The 1995 Consolidated Plans on file with the U.S. Department of Housing and Urban Development for the City of Los Angeles and Los Angeles County state a broad range of community needs. The need for affordable housing, in particular affordable rental housing, was emphasized. Also needs for homeless shelters, job training and employment for low- and moderate-income (LMI) persons, economic development, child care for LMI families, social services and medical services for the poor, rehabilitation of public facilities, business incubators, and technical assistance to merchants' associations.

Fair Lending Review

An analysis of the most recent public comments, consumer complaint, and HMDA loan information relating to CNB 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 performed in connection with the CRA evaluation this year.

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 review, the bank's performance in the Los Angeles-Long Beach MA is good.

In the evaluation of the bank's lending performance, we gave the most weight to small loans to businesses. As reflected in the tables in Appendix D, this was the bank's highest volume of reportable loans during the evaluation period, and the only product where it achieved a noticeable market share. Also, loans to businesses, including small businesses, was an important need identified by community groups.

Community development loans were also given significant consideration due to their inherently beneficial impact on segments of the community deemed most in need. As discussed in more detail later in this document, the bank made a high volume of such loans.

Similar to the last CRA review, home mortgage lending did not receive consideration in this review. During the current evaluation period, CNB's number of home mortgage loans as a percent of total reported loans in the Los Angeles AA actually declined when compared to the prior evaluation period. The dollar volume of home mortgage loans stayed relatively constant as a percent of total reported loans. Furthermore, the bank achieved insignificant market shares (less than half a percent) in each of the three home mortgage loan categories. In 2001, CNB achieved only a 0.15 percent market share in home purchase loans, a 0.05 percent market share in home improvement loans, and a 0.11 percent market share for home refinance loans in the full scope assessment area. And, the vast majority of home mortgage loans are accommodation loans to existing commercial, entertainment, and trust clients. CNB does not actively market these products to the general public. The bank attempts to address the communities' affordable housing needs by purchasing pools of LMI home purchase loans, and through targeted investments as described under the Investment Test.

Lending Activity

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

Overall, CNB's lending activity in small loans to businesses and community development (CD) loans is excellent. The volume of small loans to businesses, the bank's most important CRA loan product, substantially exceeded its deposit taking activities. And, the volume of CD loans is excellent. The overall excellent level of lending activity had a positive effect upon our overall conclusion about the bank's performance under the Lending Test.

The strategic focus of the bank has a significant impact on its lending activity. CNB's strategic plan is to become California's premier private and business bank. With this strategy, the bank's most important lending product under CRA is small loans to businesses.

The competitive environment of the financial services market in the Los Angeles AA is an important contextual issue when analyzing the bank's lending activity. There are a number of active financial service providers within the assessment area that make loans but do not take deposits. These include large interstate credit card lenders that make loans to small businesses. The operations of these non-traditional entities in local financial markets may have the effect of making the bank's loan market share seem lower than it should in comparison to its deposits market share. Also, much larger banking companies, whose operations are national in scope, compete in this market. Often, these larger institutions have technological (credit scoring and/or desktop underwriting) and marketing advantages (name recognition and resources) over smaller local banks. This affected our lending activity analysis.

It is worthwhile to note that in the Los Angeles AA in 2001, 75 percent of the number of small loans to businesses, but only 12 percent of the dollar amount, were made by lenders whose average loan size was \$12 thousand or less. Most, if not all, of these lenders were credit card lenders. This statistic clearly shows the dominance of the credit card lenders in a significant segment of CNB's most important market. Not only does this dominance have some effect on the evaluation of the bank's lending activity, but it also has an effect on the evaluation of borrower distribution.

Only in this section of the Performance Evaluation is lender market share discussed in terms of both dollar volume and number of loans. Due to the extremely high number of small loans to businesses made by credit card banks, the comparison of CNB's market share of deposits by dollar amount to market share of loans by dollar amount is the more valid method to evaluate lending activity. Elsewhere in this document, lender market share refers only to the number of loan transactions.

Small Loans to Business

CNB's lending activity for small loans to businesses represents excellent responsiveness to area credit needs in the Los Angeles AA. Of the bank's total reportable loans, 81 percent by number and 58 percent by dollar volume were small loans to businesses. Further, commercial lending is the strategic focus of the bank and an expressed community need.

During 2001, CNB held a 4 percent market share of the dollar amount of deposits, ranking 7th among 137 FDIC insured financial institutions in the Los Angeles AA. During the same period, the bank achieved a 9 percent market share by dollar volume of small loans to businesses, ranking 3rd among 248 reporting lenders. By number of loans, however, the bank ranked 17th with a 1.11 percent market share. Giving more weight to the dollar comparisons, these statistics show that in its most important loan product, the bank's lending activity exceeded its deposit taking activity in the full-scope assessment area despite the competitive environment.

Home Mortgage Loans

As noted above, CNB's volume of home mortgage loans was not significant in the Los Angeles AA. The bank did not achieve a meaningful market share in any of the three home mortgage loan categories, and home mortgage lending is not reflective of the bank's CRA performance.

Distribution of Loans by Income Level of the Geography

CNB's overall geographic distribution of loans is good. This is reflective of good distribution of small loans to businesses. The volume of home mortgage loans is too low for meaningful analysis, and the bank did not make any multifamily loans.

Home Mortgage Loans

(Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.)

As noted above, CNB's volume of home mortgage loans was not significant in the Los Angeles AA. The bank did not achieve a meaningful market share in any of the three home mortgage loan categories.

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 small loans to businesses originations and purchases.)

The bank's lending performance is excellent in low-income geographies and adequate in moderate-income geographies. This was based on a comparison of bank loans in each geographic income category to the percentage of businesses in those geographies and a comparison of market share in each geographic income category to overall market share. Our analysis indicates a favorable correlation between the distribution and market share parts of the analysis.

Eight (8) percent of the bank's small loans to businesses in the Los Angeles AA were originated in low-income geographies and 13 percent were originated in moderate-income geographies. This is near to the overall distribution of businesses in low-income geographies and less than the geographic distribution of businesses in moderate-income geographies at 8.6 percent and 17 percent, respectively.

An overall good rating is further supported by CNB's market share penetration in low- and moderate-income geographies. Market share in the low-income geographies of 1.15 percent exceeds overall market share of 1.11 percent. And, market share in moderate-income geographies at 0.95 percent is reasonably close to the overall market share. Performance in both the low- and moderate-income geographies has improved over the evaluation period.

Lending Gap Analysis

Maps and reports detailing CNB's lending activity over the evaluation period for small loans to businesses and home purchase loans were reviewed to identify gaps in the geographic distribution of those loans. No unexplained conspicuous gaps were identified.

Inside/Outside Ratio

A substantial majority of small loans to businesses and CD loans originated or purchased by CNB during the evaluation period were within its assessment areas. Fully 97% of the bank's small loans to businesses and 100% of the CD loans were within its assessment areas. This performance has a

favorable impact on the overall analysis of the geographic distribution of lending by income level of geography.

Distribution of Loans by Income Level of the Borrower

The bank demonstrates adequate borrower distribution of small loans to businesses. Our conclusion was heavily weighted by the bank's distribution of small business loans to businesses with annual revenues of \$1 million or less compared to the performance of other reporting institutions in the Los Angeles AA. Also considered were the bank's performance compared to the percentage of smaller businesses within the Los Angeles AA and its overall market share penetration for small loans to businesses.

Home Mortgage Loans

(Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.)

CNB's volume of home mortgage loans was not significant in the Los Angeles AA. The bank did not achieve a meaningful market share in any of the three home mortgage loan categories.

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 and purchase of small loans to businesses.)

The bank's performance in the Los Angeles AA is adequate. CNB made 36 percent of its small business loans to businesses with annual revenues of \$1 million or less compared to the 66 percent market concentration of small businesses in the Los Angeles AA. However, all 251 reporting lenders in the Los Angeles AA made only 42 percent of their loans to small businesses that meet the revenue definition. So, while CNB's performance is substantially below the demographic, it is closer to the performance of its competition.

The bank's market share of loans to small businesses has declined over the reporting period, and is adequate at 0.92 percent compared to its overall market share of reported small loans to businesses of 1.11 percent. The analysis also shows CNB's distribution of loans in amounts of less than or equal to \$100 thousand represents 49 percent of the bank's total reported small loans to businesses, with an average loan size of \$233 thousand. This is adequate when compared to the demographic for the concentration of small businesses in the assessment area. However, due to the pervasive influence of credit card lenders in this market, with their small average loan size, the bank's performance in this factor does not carry much weight in our conclusions. In 2001, 75 percent of all reported small loans to businesses were made by lenders whose average loan size was \$12 thousand or less. These lenders are predominantly credit card lenders. With a whole class of lenders already meeting the need for small loans to businesses, and whose product is particularly suited to small businesses, CNB's relative lack of emphasis on this aspect of the market is reasonable. Further, this is not the bank's market niche.

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.)

City National Bank's community development lending is excellent. The loans are very responsive to the credit needs within their communities, primarily through business loans that revitalize/stabilize LMI areas, promote economic development, or provide services to low-and moderate-income families. The bank also made an innovative community development loan supporting education for the children of LMI families. CNB used flexible underwriting standards to make some of the CD loans.

The total volume and number of community development loans in the Los Angeles AA are very high. The fifty-six community development loans in this assessment area total over \$183 million, and represent over 30 percent of allocated Tier 1 Capital. Loans that primarily revitalize or stabilize low-and moderate-income communities are 38 percent of this total, loans promoting economic development are 25 percent, community development services to low-and moderate-income families are 25 percent, and affordable housing loans are 12 percent.

Examples of notable community development loans follow.

- The bank originated a \$14 million revolving line of credit for a nonprofit organization providing services to developmentally disabled persons and their families. This non-profit was organized in accordance with the provisions of the Lanterman Developmental Disabilities Services Act of the Welfare and Institutions Code of the State of California. The organization is one of 21 community-based statewide centers through which state and federal entitlement funds flow to pay for rehabilitative services, and 99 percent of their funding comes from contracts with the State of California. The primary beneficiaries of these services are LMI persons.
- CNB originated an \$18.3 million real estate loan, providing improvements to a building located in El Monte, California. The County of Los Angeles has leased 100 percent of the office space, with an option on 20 percent of the warehouse space. County agencies that will occupy the building include the Los Angeles Department of Health Services, Public Social Services, and Children and Family Services. These are agencies that provide community services primarily to low- and moderate-income individuals and families. Flexible aspects of this loan include concessionary loan-to-value, loan-to-cost, and debt service coverage ratios.
- CNB funded a \$1 million refinance loan for a charter school, primarily serving children of low-and moderate-income families. The school was opened in the MacArthur Park neighborhood of the Los Angeles AA, in a low-income geography. This loan was presented as a model for Community Development Lending at the Federal Reserve's Los Angeles CRA meeting in 2002. This loan is innovative and relatively complex, as it is the first private charter school in Los Angeles financed by a commercial bank in a low-income neighborhood. The property was non-conforming as a rehabilitation/conversion of a strip mall into an inner-city school serving a very low-income population. Other challenges/complexities included the lack of government guarantee, atypical cash flow, and the necessary "cash out" for working capital needs.

Product Innovation and Flexibility

CNB uses flexible lending programs to further serve its customers, meet the needs of the business community, and enhance its lending performance. Through these flexible programs, CNB helps to promote economic development through support of small business activities and revitalization and stabilization of LMI geographies. The bank partners with non-profit organizations to assist small businesses located in LMI census tracts or distressed geographies within the assessment area and throughout the state of California. Participation in government guaranty programs also provides loans to businesses that would not otherwise qualify for credit under normal underwriting standards. The bank's performance in the Los Angeles AA had a positive effect on our evaluation of CNB's performance under the Lending Test. Examples are:

- The bank has committed \$100 thousand to a fund maintained by a consortium of lenders that make loans to small businesses located in distressed business districts of the City of Long Beach. Several loans have been made by the program. The loan amounts ranged between \$25 thousand and \$50 thousand and were originated to businesses that would not otherwise qualify for credit through normal banking channels.
- Several flexible loan programs are available through the bank's Government Lending Department. These loans feature guarantees through various government and quasi-government agencies including the SBA, the Export/Import Bank, and the State of California. The guarantees allow the bank to make a variety of underwriting concessions that would not otherwise be available to borrowers. Depending on the program, concessions granted to borrowers include high loan-to-value, high debt-to-income, longer terms, and others. These programs increase the provision of credit to businesses, including small businesses, which in turn promotes economic development. These programs also contribute to the creation or maintenance of jobs, including jobs for LMI persons. For the 12 months ending September 30, 2002, the bank originated 35 loans totaling \$31 million under various government lending programs, which is similar to its performance in prior years. Of these, \$29 million were loans in excess of \$1 million and excluded from consideration under the small loans to business analysis. Some of these loans require considerable documentation and can take considerable effort to underwrite. These programs enable CNB to extend credit to entities, markets, and geographies that might otherwise be underserved by traditional credit facilities.

In addition, some of the bank's CD loans utilized flexible underwriting standards, as noted above.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Lending Test in the limited review assessment areas is not inconsistent with the bank's overall "High Satisfactory" performance under the Lending Test. In the Orange County MA, where CNB made its second highest volume of small loans to businesses, geographic distribution was excellent, but borrower distribution was very poor. However, the bank made a significant volume of CD loans in that assessment area, which equaled 74 percent of allocated Tier 1 Capital. This offset any weaknesses in the distribution of loans in this area. Refer to Tables 1 through 12 in Appendix C for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Area Receiving Full-Scope Review

The bank's performance under the Investment Test is rated "**Outstanding.**" Based on a full review, the bank's performance in the Los Angeles-Long Beach MA assessment area is excellent.

(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 Los Angeles AA, the bank has an excellent level of qualified investments relative to its allocated capital. Qualified investments total \$43.5 million, including approximately \$726 thousand in grants and donations to local community organizations. Approximately 74 percent or \$32.3 million of these investments occurred during the current evaluation period. Qualified investments represent 7.1 percent of the Tier 1 Capital allocated to the Los Angeles AA. We allocated the Tier 1 Capital based on the pro rata share of the bank's deposits within each assessment area as described under "*Ratings.*"

The investment dollars and Tier 1 Capital ratios for Los Angeles and the other assessment areas exclude investments the bank made in broader statewide or regional areas that can have an indirect positive impact on the bank's assessment areas (see separate line item in Table 14 in Appendix C). These total another \$13.8 million. These investments nonetheless enhance the bank's performance due to their effect in providing affordable housing.

Qualified investments also include investments that the bank made in prior evaluation periods and are still outstanding. The current book balance of these prior period investments in the Los Angeles assessment area is approximately \$11.1 million. These prior period investments have a continuing impact on the community as they provide financing for affordable housing units for low- and moderate-income persons.

Additionally, the bank has \$11.4 million in commitments for local, regional, and statewide investments that have not been funded, indicating ongoing support of community development projects and a willingness and capacity to invest in the communities it serves. Unfunded commitments designated for the Los Angeles assessment area are approximately \$4.4 million.

There are numerous opportunities for investment in community development within these assessment areas, particularly in affordable housing projects. Substantially all investments support the affordable housing needs of low- and moderate-income persons in the assessment area, an important need identified by community groups and local government officials.

Responsiveness of investments to credit and community development needs

The types of investments made, and grants and donations given to local community organizations exhibit good responsiveness to the credit and community development needs of the assessment area, particularly the need for affordable housing. Approximately 96 percent of the investment dollars in the Los Angeles AA were for affordable housing needs and 4 percent funded economic development projects in primarily underserved areas of the community. More than 73 percent of these investments are in mortgage-backed securities (MBS) that fund home ownership and rental housing for low- and moderate-income households. The balance of the investments, grants, and donations are primarily for the purposes of economic development and community service. None of the investments are complex. None of the investments are considered innovative as the bank did not assume a leadership role in the development of these products.

Some examples of the investments that CNB has made are shown below:

- The bank invested \$73.3 million in seven targeted MBS, of which approximately \$34.4 million directly benefited the Los Angeles AA. These investments helped finance 360 home mortgages to low- and moderate-income families throughout Los Angeles.
- Since 1989, CNB has invested in a statewide tax credit fund that provides equity for affordable housing developments in urban and rural communities throughout California. Many of these investments were purchased during prior evaluation periods, but are still outstanding. The current book balance is \$16.5 million, with approximately \$2 million directly benefiting the Los Angeles-Long Beach MA. These investments helped fund 152 multifamily rental projects in California. To date, the fund has invested more than \$410 million in 5,900 affordable housing units.
- The bank invested \$2.5 million in a statewide tax credit fund program, which enables developers of affordable housing to raise project equity through the sale of tax benefits to investors. Qualifying projects require at least 40 percent of the units to be set aside for families earning less than 60 percent of the median family income. The bank's investment has helped finance 12 affordable housing projects in the Los Angeles assessment area.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the bank's performance under the Investment Test in the Oakland MA, Orange County MA, Riverside-San Bernadino MA, San Diego MA, San Francisco-San Mateo Counties, San Jose MA, Tulare-Visalia MA, and Ventura MA assessment areas is not inconsistent with the bank's overall "Outstanding" performance under the Investment Test. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Area Receiving Full-Scope Review

The bank's performance under the Service Test is rated "**High Satisfactory.**" Based on a full-scope review, the bank's performance in the Los Angeles-Long Beach MA is good.

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 CNBs 32 branches in the Los Angeles AA is reasonable. The bank's branch network and product delivery system corresponds to their client and product base. The opening and closing of branch offices is good, with a net increase of 1 branch in moderate-income geographies.

As discussed in the *Description of the Institution* comment, CNB is a business bank that targets its products and services toward small and medium-sized businesses, high net worth individuals, entrepreneurs, and professionals with an emphasis in the entertainment and real estate industries. Mortgage and consumer products were primarily offered as an accommodation to existing customers. Thus, it is useful to compare branch distribution to distribution of businesses, as well as population.

The distribution of branches in the low-income geographies exceeds the percentage of the population residing in the low-income geographies, as well as businesses. In the moderate-income geographies, the distribution of branches is substantially less than the respective percentage of the population and businesses. CNB opened seven branches in the Los Angeles AA during the assessment period and closed six offices. These changes had the net effect of increasing the branches located in the moderate-income geographies by one branch.

The bank's services and products are similar in all of their full-service branches, and are designed to meet the needs of the bank's client base, rather than the general community. A broad array of consumer and business loan and deposit products were offered at each of the branch locations. Services do not vary in a way that inconveniences LMI persons.

Community Development Services

CNB provides an excellent level of community development services that are very responsive to the community development needs in the full-scope Los Angeles AA. CNB management encourages employee involvement, and bank personnel played an active role in 48 community development organizations, totaling over 2,400 hours in 2002. In 2001, the service hours were approximately 2,900 hours, and in 2000 the hours were 3,400. Community development services in the Los Angeles AA represent approximately 70 percent of the total hours reported for all assessment areas.

Based on our sampling, 75 percent of the community development services are community services dedicated to low- and moderate-income geographies or persons, 16 percent to agencies providing small business loans and services, and 9 percent to affordable housing for low- and moderate-income families. Examples of community development activities in the Los Angeles AA follow.

- Bank employees work with a non-profit organization whose purpose is to educate and inspire young people to value free enterprise, business, and economics. CNB sponsored a “shadow day,” that provided inner-city high school students with career guidance and technical financial and banking information. The four schools that participated in 2002, and two schools in 2001, were primarily located in low- and moderate-income geographies. Fifty bank employees participated in 2002, devoting about 230 hours in preparation and interaction with the students.
- CNB participates in a program designed to encourage “at risk” middle school girls in South Central Los Angeles to remain in school. The program provides a one-on-one mentoring relationship with a professional woman. In addition, the program provides educational and civic events for the participants. This organization provides essential services, primarily to the children of low- and moderate-income families. One bank employee has been involved with this organization since 1988, and provided technical financial expertise. This employee presently serves on the Board of Directors, the Advisory Council, and represents the organization at community business affairs. On average, over 50 hours per month or 600 hours per year are dedicated to this activity.
- CNB demonstrated a leadership role when it partnered with a non-profit organization to establish the Northeast Los Angeles Microloan Program. The program makes loans in amounts of \$1 thousand to \$25 thousand to micro, small, and medium sized businesses that are unable to obtain loans from conventional financial sources. The program targets the low- and moderate-income areas of Highland Park, Lincoln Heights, and Cypress Park. The underwriting standards of the program establish preference points for minority and women owned businesses, businesses located on low- and moderate-income census tracts, and the creation of jobs. In this program, the Community Development Department of the City of Los Angeles granted to the non-profit \$390 thousand; half to fund overhead and a technical assistance program, and half to fund a loan loss reserve on deposit at CNB. That reserve serves as an incentive for lenders to commit funds to the program. CNB was the first lender to provide funds, and made a \$250 thousand commitment to the nonprofit (counted as a CD loan). By helping to start the program, by administering the loan loss reserve, and through ongoing technical assistance, CNB is providing a valuable service that meets important community development needs. The program is actively making loans.
- CNB continues to work in partnership with the largest Small Business Development Center (SBDC) in the Los Angeles AA to coordinate the provision of loans and technical assistance to small businesses, with a preference towards minority and women owned businesses. CNB, SBDC, and SBA assist businesses through mutual referrals and by actively helping them fit their borrowing needs with the programs offered by the participating lenders. Through this cooperative small business assistance program, CNB customers receive access to free business counseling in six offices and may attend over 100 workshops annually at a nominal charge.

Conclusions for Areas Receiving Limited-Scope Reviews.

Based on the limited-scope reviews, CNB's performance under the Service Test in the limited scope assessment areas is not inconsistent with the bank's overall performance under the Service Test. Refer to Table 13 in Appendix C for the facts and data that support this conclusion.

The distribution of branches in the limited-scope assessment areas is reasonable. Forty-two percent of CNBs branches are located in the eight limited-scope assessment areas. Community development services are also reasonable, considering the bank's smaller presence in the limited-scope areas.

Appendix A: Scope of Examination

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”).

Time Period Reviewed	Lending Test (excludes CD Loans): October 1, 1999 to Sept. 30, 2002 CD Loans: January 11, 2000 to January 13, 2003 Investment and Service Tests: January 11, 2000 to January 13, 2003	
Financial Institution	Products Reviewed	
City National Bank Beverly Hills, California	Small Business Loans, CD Loans, Investments, Retail Banking Services, and CD Services.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Los Angeles-Long Beach MA, CA Oakland MA, CA Orange County MA, CA Riverside-San Bernardino MA, CA San Diego MA, CA San Francisco-San Mateo Counties, CA San Jose MA, CA Tulare-Visalia MA, CA Ventura MA, CA	Full-Scope Limited-Scope Limited-Scope Limited-Scope Limited-Scope Limited-Scope Limited-Scope Limited-Scope Limited-Scope	N/A

Appendix B: Market Profiles for Full-Scope Areas

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Market Profiles for Area Receiving Full Review

Los Angeles-Long Beach MA	B-2
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Los Angeles-Long Beach MA

Demographic Information for Full Scope Area: Los Angeles-Long Beach MA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	1,652	8.90	22.82	32.93	34.20	1.15
Population by Geography	8,863,164	9.02	26.69	33.93	30.17	0.19
Owner-Occupied Housing by Geography	1,440,864	2.34	14.25	34.73	48.68	0.00
Business by Geography	608,916	8.60	17.31	31.99	41.83	0.27
Farms by Geography	4,552	2.92	11.97	36.36	48.66	0.09
Family Distribution by Income Level	2,036,104	22.82	16.85	19.70	40.63	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	807,690	15.16	37.51	32.47	14.86	0.00
Median Family Income		39,035	Median Housing Value		246,159	
HUD Adjusted Median Family Income for 2002		55,100	Unemployment Rate (2Q2002)		6.8%	
Households Below Poverty Level		11.87%				

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

Source: 1990 US Census, 2002 HUD updated MFI, 2001 Dun & Bradstreet small business data, and 2002 BLS employment data.

CNB's largest assessment area is the Los Angeles-Long Beach MA, which is the location of the bank's main office and a majority of its customer base. This MA is comprised of Los Angeles County in Southern California.

The Los Angeles-Long Beach MA is a complex, highly diverse urban area that includes 88 cities. Unincorporated communities comprise more than 65 percent of the area of Los Angeles County. Los Angeles County is one of the nation's largest counties, encompassing 4,081 square miles. The City of Los Angeles, with a 2001 population of 3.8 million is the largest city in Los Angeles County and the second largest city in the United States. Approximately 28 percent of California's residents live in Los Angeles County, with a total population of 9.6 million.

Census data as of 2000 showed that the median value of owner-occupied, one-family housing units in Los Angeles County declined by about \$17 thousand from the number in the above table. Nevertheless, housing is relatively expensive in this MA. According to the California Association of Realtors, the Housing Affordability Index (HAI) for Los Angeles County and the State of California is low. The HAI is a conservative index that measures the percentage of households that can afford to purchase a median-priced home by qualifying for a 30-year fixed rate loan. As of August 2002, only 31 percent of the households in Los Angeles County could afford a median-priced home, while the national average is 56 percent. The HAI for the State of California is 28 percent. One primary reason for the affordability gap between the local and state HAI and the national average is the gap between the state's long-term housing needs and housing production. Each year, California adds approximately 250,000 new households to its population, but only produces about 150,000 new housing units, resulting in an annual shortfall in new housing of about 100,000 units. This ongoing shortfall in housing puts pressure on market prices and will continue to contribute to the affordability gap between Los Angeles County, the State of California, and the nation.

Clearly high prices and short supply combine to exacerbate the housing situation in the MA. But, another influencing factor is the high poverty rate. The percentage of households below poverty level noted in the above table is quite high compared to other MA's in the nation. All of these factors make housing unaffordable for many low- and moderate-income families. Only 48 percent of housing in the MA is owner-occupied. This is a fairly low percentage when compared to other MA's in the nation.

Los Angeles County continues to lag the nation and the state in unemployment rates. According to the Bureau of Labor Statistics, the unemployment rate for Los Angeles County as of the 2nd Quarter 2002 was 6.8 percent, while California was at 6.3 percent and the U.S. was at 5.7 percent.

Los Angeles's largest industries are entertainment, defense and aerospace, retail and international trade, travel and tourism, real estate, and financial services. According to figures from the Bureau of Labor Statistics in 2001, the motion picture production and services segment is the largest employer with 130,000 employees. Miscellaneous business services are the next largest segment with 104,000 employees, and private household workers accounting for 80,000 employees. The Port of Los Angeles/Long Beach is one of the busiest in the nation. Los Angeles International Airport is one of the busiest airports in the nation. Continued population growth and the diverse economy create many small business opportunities within the MA. Dun and Bradstreet data for 2001 shows that businesses and farms with sales under \$1 million represented 84 percent of total businesses and farms.

Banking competition is strong, with 137 institutions in the MA competing for FDIC insured consumer deposits as of June 30, 2002. Further, the top five institutions together hold 54 percent of the deposits, indicating market dominance by a few large banks. Aggregate small business loan data for 2001 shows that 248 reporting lenders competed for close to 219,000 loans totaling about \$6.5 billion. Again, market dominance is held by a few institutions, with the top five reporting close to 64 percent of the number of loans originated or purchased during the year. Aggregate HMDA loan data for 2001 shows that 845 lenders competed for more than 846,000 loans totaling more than \$170 billion. This loan market segment is more fragmented, with the top five lenders reporting close to 27 percent of the loans originated or purchased. There are also numerous other financial service providers operating in the area who do not hold FDIC insured deposits or do not report HMDA or CRA loan data.

Major banking institutions compete in the MA for deposits and loans. These include credit card banks, interstate banking companies, and mortgage companies. American Express Centurion, Bank of America, N.A., California Federal Bank, Capital One, F.S.B., Citibank, N.A., Countrywide Home Loans, Chase Manhattan Bank USA, N.A., GMAC Mortgage, Union Bank of California, N.A., Washington Mutual Bank, F.A., Wells Fargo Bank, N.A., World Savings Bank, F.S.B., and other large companies compete in this market. Often such large institutions have the advantages of brand recognition and marketing power over smaller local institutions.

There are many nonprofit organizations active in this area. And local government is active in promoting and assisting a variety of community development and redevelopment activities. In January 2002, HUD announced that Los Angeles will be designated a Renewal Community eligible to share in an estimated \$17 billion in tax incentives to stimulate job growth, stimulate economic development, and create affordable housing. There are numerous opportunities for financial institutions to participate in community development activities.

Appendix C: Tables of Performance Data

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 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 thousand) 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 thousand) 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 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.

Table 1. Lending Volume

LENDING VOLUME												
Geography: CALIFORNIA												
Evaluation Period: OCTOBER 1, 1999 TO SEPTEMBER 30, 2002												
MA/Assessment Area (2002):	% 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)	
Full Review:												
Los Angeles-Long Beach MA	65.86	1,582	1,033,530	7,209	1,666,323	3	1,200	56	183,859	8,850	2,884,912	78.55
Limited Review:												
Oakland MA	2.03	42	21,434	203	67,354	0	0	0	0	245	88,788	4.41
Orange County MA	10.62	277	147,126	1,043	289,362	0	0	13	28,617	1,333	465,105	5.02
Riverside-San Bernadino MA	7.26	159	46,329	778	232,143	81	24,903	2	14,600	1,020	317,975	2.96
San Diego MA	3.72	120	50,006	366	98,928	0	0	2	13,870	488	162,804	1.22
San Francisco-San Mateo Counties	5.13	60	42,574	543	173,612	0	0	1	8,500	604	224,686	5.02
San Jose MA	.58	20	10,148	34	15,372	0	0	0	0	54	25,520	0.37
Tulare-Visalia MA	.30	0	0	14	8,156	16	5,631	0	0	30	13,787	0.00
Ventura MA	4.50	128	50,382	617	142,823	7	1,785	5	1,455	757	196,995	2.45

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

** The evaluation period for Community Development Loans is From January 10, 2000 to January 13, 2003.

*** Deposit Data as of November 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE															Geography: CALIFORNIA					Evaluation Period: OCTOBER 1, 1999 TO SEPTEMBER 30, 2002				
MA/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	Upp									
Full Review:																								
Los Angeles-Long Beach MA	751	63.91	2.34	2.66	14.25	11.72	34.73	9.32	48.68	76.30	0.15	0.19	0.13	0.05	0.24									
Limited Review:																								
Oakland MA	16	1.36	3.78	0.00	13.15	0.00	46.62	12.50	36.44	87.50	0.00	0.00	0.00	0.00	0.01									
Orange County MA	155	13.19	0.77	3.23	17.19	40.65	45.08	17.42	36.96	38.71	0.06	0.17	0.16	0.02	0.06									
Riverside-San Bernadino MA	73	6.21	0.76	0.00	17.24	10.96	50.68	27.40	31.33	61.64	0.02	0.00	0.02	0.01	0.02									
San Diego MA	83	7.06	1.88	3.61	13.42	22.89	49.05	24.10	35.64	49.40	0.04	0.12	0.12	0.02	0.04									
San Francisco-San Mateo Counties	17	1.45	1.48	0.00	13.91	11.76	49.36	29.41	35.24	58.82	0.04	0.00	0.03	0.02	0.09									
San Jose MA	15	1.28	1.43	6.67	13.79	0.00	57.16	73.33	27.62	20.00	0.00	0.00	0.00	0.00	0.02									
Tulare-Visalia MA	0	0.00	0.00	0.00	20.01	0.00	48.44	0.00	31.56	0.00	0.00	0.00	0.00	0.00	0.00									
Ventura MA	65	5.53	0.85	0.00	20.59	27.69	48.04	30.77	30.51	41.54	0.07	0.00	0.10	0.05	0.08									

^{*} Based on 2001 Peer Mortgage Data: Western Region 2.

^{**} Home purchase loans originated and purchased in the MA/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 SEPTEMBER 30, 2002															
MA/Assessment Area:	Total Home Improvement 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	Upp
Full Review:															
Los Angeles-Long Beach MA	15	62.50	2.34	0.00	14.25	6.67	34.73	6.67	48.68	86.67	0.05	0.00	0.00	0.02	0.07
Limited Review:															
Oakland MA	0	0.00	3.78	0.00	13.15	0.00	46.62	0.00	36.44	0.00	0.00	0.00	0.00	0.00	0.00
Orange County MA	2	8.33	0.77	0.00	17.19	0.00	45.08	0.00	36.96	100.00	0.00	0.00	0.00	0.00	0.00
Riverside-San Bernadino MA	4	16.67	0.76	0.00	17.24	25.00	50.68	0.00	31.33	75.00	0.03	0.00	0.17	0.00	0.03
San Diego MA	0	0.00	1.88	0.00	13.42	0.00	49.05	0.00	35.64	0.00	0.00	0.00	0.00	0.00	0.00
San Francisco-San Mateo Counties	0	0.00	1.48	0.00	13.91	0.00	49.36	0.00	35.24	0.00	0.00	0.00	0.00	0.00	0.00
San Jose MA	0	0.00	1.43	0.00	13.79	0.00	57.16	0.00	27.62	0.00	0.00	0.00	0.00	0.00	0.00
Tulare-Visalia MA	0	0.00	0.00	0.00	20.01	0.00	48.44	0.00	31.56	0.00	0.00	0.00	0.00	0.00	0.00
Ventura MA	3	12.50	0.85	0.00	20.59	0.00	48.04	33.33	30.51	66.67	0.00	0.00	0.00	0.00	0.00

^{*} Based on 2001 Peer Mortgage Data: Western Region 2.

^{**} Home improvement loans originated and purchased in the MA/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 SEPTEMBER 30, 2002				
MA/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**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
Full Review:																								
Los Angeles-Long Beach MA	816	68.69	2.34	0.37	14.25	4.04	34.73	7.23	48.68	88.36	0.11	0.03	0.04	0.02	0.19									
Limited Review:																								
Oakland MA	26	2.19	3.78	0.00	13.15	7.69	46.62	11.54	36.44	80.77	0.01	0.00	0.00	0.00	0.01									
Orange County MA	120	10.10	0.77	0.00	17.19	3.33	45.08	17.50	36.96	79.17	0.03	0.00	0.02	0.01	0.06									
Riverside-San Bernadino MA	82	6.90	0.76	0.00	17.24	7.32	50.68	30.49	31.33	62.20	0.02	0.00	0.02	0.01	0.03									
San Diego MA	37	3.11	1.88	0.00	13.42	5.41	49.05	10.81	35.64	83.78	0.01	0.00	0.01	0.00	0.01									
San Francisco-San Mateo Counties	42	3.54	1.48	4.76	13.91	9.52	49.36	19.05	35.24	66.67	0.03	0.00	0.01	0.02	0.05									
San Jose MA	5	0.42	1.43	0.00	13.79	20.00	57.16	60.00	27.62	20.00	0.00	0.00	0.00	0.00	0.00									
Tulare-Visalia MA	0	0.00	0.00	0.00	20.01	0.00	48.44	0.00	31.56	0.00	0.00	0.00	0.00	0.00	0.00									
Ventura MA	60	5.05	0.85	0.00	20.59	13.33	48.04	30.00	30.51	56.67	0.07	0.00	0.02	0.06	0.10									

* Based on 2001 Peer Mortgage Data: Western Region 2.

** Home mortgage refinance loans originated and purchased in the MA/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 SEPTEMBER 30, 2002				
MA/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									
Full Review:																								
Los Angeles-Long Beach MA	0	0.00	13.57	0.00	26.09	0.00	36.99	0.00	23.33	0.00	0.00	0.00	0.00	0.00										
Limited Review:																								
Ventura MA	0	0.00	4.83	0.00	42.96	0.00	43.23	0.00	8.97	0.00	0.00	0.00	0.00	0.00										
Tulare-Visalia MA	0	0.00	0.00	0.00	17.80	0.00	42.78	0.00	39.27	0.00	0.00	0.00	0.00	0.00										
San Jose MA	0	0.00	5.29	0.00	33.86	0.00	53.82	0.00	7.03	0.00	0.00	0.00	0.00	0.00										
San Francisco-San Mateo Counties	1	100.00	20.28	0.00	25.37	0.00	35.10	100.00	19.26	0.00	0.14	0.00	0.00	0.36										
San Diego MA	0	0.00	8.32	0.00	33.09	0.00	43.56	0.00	15.03	0.00	0.00	0.00	0.00	0.00										
Riverside-San Bernardino MA	0	0.00	2.58	0.00	26.46	0.00	52.31	0.00	18.66	0.00	0.00	0.00	0.00	0.00										
Orange County MA	0	0.00	5.59	0.00	38.16	0.00	41.33	0.00	14.92	0.00	0.00	0.00	0.00	0.00										
Oakland MA	0	0.00	12.79	0.00	29.84	0.00	47.22	0.00	10.08	0.00	0.00	0.00	0.00	0.00										

^{*} Based on 2001 Peer Mortgage Data: Western Region 2.

^{**} Multifamily loans originated and purchased in the MA/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		Geography: CALIFORNIA					Evaluation Period: OCTOBER 1, 1999 TO SEPTEMBER 30, 2002					Market Share (%) by Geography*				
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**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans						
Full Review:																
Los Angeles-Long Beach MA	7,209	66.71	8.60	8.27	17.31	13.09	31.99	28.01	41.83	50.63	1.11	1.15	0.95	0.97	1.36	
Limited Review:																
Oakland MA	203	1.88	10.40	19.80	15.43	11.17	42.97	45.18	30.74	23.86	0.08	0.06	0.00	0.09	0.09	
Orange County MA	1,043	9.65	3.65	5.06	24.87	31.69	37.42	38.20	28.64	25.06	0.46	0.52	0.48	0.42	0.37	
Riverside-San Bernadino MA	778	7.20	1.93	1.29	22.04	24.23	47.44	43.69	28.55	30.80	0.45	0.43	0.73	0.43	0.41	
San Diego MA	366	3.39	3.66	1.40	22.69	17.70	42.95	37.08	30.52	43.82	0.18	0.10	0.17	0.13	0.27	
San Francisco-San Mateo Counties	543	5.02	17.13	34.44	20.11	13.81	36.58	30.20	26.02	21.55	0.44	1.14	0.30	0.35	0.38	
San Jose MA	34	0.31	6.10	0.00	22.46	35.29	50.02	44.12	21.17	20.59	0.02	0.00	0.04	0.02	0.00	
Tulare-Visalia MA	14	0.13	0.00	0.00	18.38	50.00	48.69	42.86	32.90	7.14	0.15	0.00	0.52	0.16	0.00	
Ventura MA	617	5.71	3.78	7.46	27.57	32.41	44.88	42.46	23.78	17.67	1.06	2.99	1.67	0.84	0.92	

* Based on 2001 Peer Small Business Data: US&PR.

** 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.

*** Source Data - Dun and Bradstreet (2002).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS															
Geography: CALIFORNIA															
Evaluation Period: OCTOBER 1, 1999 TO SEPTEMBER 30, 2002															
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
Full Review:															
Los Angeles-Long Beach MA	3	2.80	2.92	66.67	11.97	0.00	36.36	0.00	48.66	33.33	1.82	16.67	0.00	0.00	1.59
Limited Review:															
Oakland MA	0	0.00	5.37	0.00	12.66	0.00	45.49	0.00	36.32	0.00	0.00	0.00	0.00	0.00	0.00
Orange County MA	0	0.00	2.68	0.00	23.01	0.00	42.45	0.00	30.41	0.00	0.00	0.00	0.00	0.00	0.00
Riverside-San Bernadino MA	81	75.70	2.49	0.00	20.96	8.64	42.99	28.40	33.53	62.96	11.83	0.00	7.50	4.92	21.05
San Diego MA	0	0.00	1.42	0.00	17.77	0.00	47.13	0.00	33.69	0.00	0.00	0.00	0.00	0.00	0.00
San Francisco-San Mateo Counties	0	0.00	4.97	0.00	20.36	0.00	40.32	0.00	34.06	0.00	0.00	0.00	0.00	0.00	0.00
San Jose MA	0	0.00	4.70	0.00	22.72	0.00	53.25	0.00	19.34	0.00	0.00	0.00	0.00	0.00	0.00
Tulare-Visalia MA	16	14.95	0.00	0.00	24.07	62.50	62.14	37.50	13.79	0.00	2.32	0.00	6.15	1.64	0.00
Ventura MA	7	6.54	1.84	0.00	33.97	57.14	47.68	42.86	16.51	0.00	5.36	0.00	11.11	3.13	0.00

^{*} Based on 2001 Peer Small Business Data: US&PR.

^{**} 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 (2002).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE															
Geography: CALIFORNIA															
Evaluation Period: OCTOBER 1, 1999 TO SEPTEMBER 30, 2002															
MA/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	Upp
Full Review:															
Los Angeles-Long Beach MA	751	63.91	22.82	2.70	16.85	14.44	19.70	2.38	40.63	80.48	0.13	0.00	0.00	0.02	0.20
Limited Review:															
Oakland MA	16	1.36	20.34	0.00	17.35	0.00	23.48	0.00	38.83	100.00	0.00	0.00	0.00	0.00	0.01
Orange County MA	155	13.19	18.65	19.70	19.00	34.09	23.57	3.79	38.77	42.42	0.04	0.00	0.00	0.01	0.06
Riverside-San Bernadino MA	73	6.21	20.75	1.59	17.17	7.94	22.57	9.52	39.51	80.95	0.02	0.00	0.00	0.00	0.03
San Diego MA	83	7.06	19.87	14.06	18.72	26.56	22.32	3.13	39.09	56.25	0.03	0.00	0.03	0.00	0.04
San Francisco-San Mateo Counties	17	1.45	20.99	0.00	18.71	13.33	23.02	13.33	37.28	73.33	0.05	0.00	0.11	0.04	0.05
San Jose MA	15	1.28	18.71	0.00	18.69	0.00	23.99	0.00	38.61	100.00	0.00	0.00	0.00	0.00	0.01
Tulare-Visalia MA	0	0.00	21.64	0.00	18.12	0.00	19.54	0.00	40.70	0.00	0.00	0.00	0.00	0.00	0.00
Ventura MA	65	5.53	18.41	8.16	18.90	24.49	25.19	8.16	37.50	59.18	0.05	0.00	0.03	0.00	0.10

^{*} Based on 2001 Peer Mortgage Data: Western Region 2.

^{**} As a percentage of loans with borrower income information available. No information was available for 18.30% of loans originated and purchased by CNB.

^{***} Percentage of Families is based on the 1990 Census information.

^{****} Home purchase loans originated and purchased in the MA/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 SEPTEMBER 30, 2002															
MA/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 ^{****}	Overall	Low	Mod	Mid	Upp
Full Review:															
Los Angeles-Long Beach MA	15	62.50	22.82	6.67	16.85	0.00	19.70	6.67	40.63	86.67	0.05	0.00	0.00	0.04	0.07
Limited Review:															
Oakland MA	0	0.00	20.34	0.00	17.35	0.00	23.48	0.00	38.83	0.00	0.00	0.00	0.00	0.00	0.00
Orange County MA	2	8.33	18.65	0.00	19.00	0.00	23.57	0.00	38.77	100.00	0.00	0.00	0.00	0.00	0.00
Riverside-San Bernadino MA	4	16.67	20.75	0.00	17.17	25.00	22.57	0.00	39.51	75.00	0.04	0.00	0.17	0.00	0.03
San Diego MA	0	0.00	19.87	0.00	18.72	0.00	22.32	0.00	39.09	0.00	0.00	0.00	0.00	0.00	0.00
San Francisco-San Mateo Counties	0	0.00	20.99	0.00	18.71	0.00	23.02	0.00	37.28	0.00	0.00	0.00	0.00	0.00	0.00
San Jose MA	0	0.00	18.71	0.00	18.69	0.00	23.99	0.00	38.61	0.00	0.00	0.00	0.00	0.00	0.00
Tulare-Visalia MA	0	0.00	21.64	0.00	18.12	0.00	19.54	0.00	40.70	0.00	0.00	0.00	0.00	0.00	0.00
Ventura MA	3	12.50	18.41	0.00	18.90	0.00	25.19	0.00	37.50	100.00	0.00	0.00	0.00	0.00	0.00

^{*} Based on 2001 Peer Mortgage Data: Western Region 2.

^{**} As a percentage of loans with borrower income information available. No information was available for 0.00% of loans originated and purchased by CNB.

^{***} Percentage of Families is based on the 1990 Census information.

^{****} Home improvement loans originated and purchased in the MA/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		Geography: CALIFORNIA					Evaluation Period: OCTOBER 1, 1999 TO SEPTEMBER 30, 2002					Market Share [*]				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{***}	% BANK Loans ^{****}						
Full Review:																
Los Angeles-Long Beach MA	816	68.69	22.82	0.60	16.85	1.49	19.70	1.79	40.63	96.11	0.11	0.01	0.00	0.01	0.17	
Limited Review:																
Oakland MA	26	2.19	20.34	0.00	17.35	7.14	23.48	0.00	38.83	92.86	0.00	0.00	0.00	0.00	0.01	
Orange County MA	120	10.10	18.65	2.97	19.00	3.96	23.57	1.98	38.77	91.09	0.03	0.04	0.00	0.00	0.06	
Riverside-San Bernadino MA	82	6.90	20.75	5.88	17.17	2.94	22.57	10.29	39.51	80.88	0.02	0.00	0.01	0.02	0.03	
San Diego MA	37	3.11	19.87	3.85	18.72	3.85	22.32	3.85	39.09	88.46	0.01	0.03	0.00	0.00	0.01	
San Francisco-San Mateo Counties	42	3.54	20.99	0.00	18.71	2.63	23.02	10.53	37.28	86.84	0.03	0.00	0.01	0.02	0.05	
San Jose MA	5	0.42	18.71	33.33	18.69	0.00	23.99	0.00	38.61	66.67	0.00	0.03	0.00	0.00	0.00	
Tulare-Visalia MA	0	0.00	21.64	0.00	18.12	0.00	19.54	0.00	40.70	0.00	0.00	0.00	0.00	0.00	0.00	
Ventura MA	60	5.05	18.41	2.38	18.90	9.52	25.19	0.00	37.50	88.10	0.05	0.07	0.00	0.00	0.10	

^{*} Based on 2001 Peer Mortgage Data: Western Region 2.

^{**} As a percentage of loans with borrower income information available. No information was available for 19.11% of loans originated and purchased by CNB.

^{***} Percentage of Families is based on the 1990 Census information.

^{****} Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES									
Geography: CALIFORNIA					Evaluation Period: OCTOBER 1, 1999 TO SEPTEMBER 30, 2002				
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
Full Review:									
Los Angeles-Long Beach MA	7,208	66.70	65.69	36.40	49.11	21.93	28.96	1.11	0.92
Limited Review:									
Oakland MA	203	1.88	69.39	25.12	26.11	23.65	50.25	0.08	0.05
Orange County MA	1,043	9.65	65.44	25.31	40.94	23.39	35.67	0.46	0.25
Riverside-San Bernadino MA	778	7.20	72.55	32.90	39.33	19.41	41.26	0.45	0.39
San Diego MA	366	3.39	68.53	27.05	42.62	23.77	33.61	0.18	0.10
San Francisco-San Mateo Counties	543	5.02	66.65	30.02	32.97	23.20	43.83	0.44	0.28
San Jose MA	34	0.31	65.97	26.47	23.53	11.76	64.71	0.02	0.01
Tulare-Visalia MA	14	0.13	74.08	35.71	14.29	28.57	57.14	0.15	0.09
Ventura MA	617	5.71	71.65	33.39	50.24	17.83	31.93	1.06	0.88

^{*} Based on 2001 Peer Small Business Data: US&PR.

^{**} 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 - 2002).

^{****} 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 5.39% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS									
Geography: CALIFORNIA				Evaluation Period: OCTOBER 1, 1999 TO SEPTEMBER 30, 2002					
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
Full Review:									
Los Angeles-Long Beach MA	3	2.80	88.77	33.33	0.00	33.33	66.67	1.82	1.28
Limited Review:									
Oakland MA	0	0.00	87.49	0.00	0.00	0.00	0.00	0.00	0.00
Orange County MA	0	0.00	86.30	0.00	0.00	0.00	0.00	0.00	0.00
Riverside-San Bernadino MA	81	75.70	84.06	19.75	9.88	30.86	59.26	11.83	11.86
San Diego MA	0	0.00	86.70	0.00	0.00	0.00	0.00	0.00	0.00
San Francisco-San Mateo Counties	0	0.00	86.20	0.00	0.00	0.00	0.00	0.00	0.00
San Jose MA	0	0.00	87.68	0.00	0.00	0.00	0.00	0.00	0.00
Tulare-Visalia MA	16	14.95	77.57	6.25	6.25	37.50	56.25	2.32	0.58
Ventura MA	7	6.54	80.77	71.43	28.57	28.57	42.86	5.36	6.90

^{*} Based on 2001 Peer Small Business Data: US&PR.

^{**} 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 - 2002).

^{****} 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 1.87% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: CALIFORNIA									
Evaluation Period: JANUARY 11, 2000 TO JANUARY 13, 2003									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Los Angeles-Long Beach MA	20	11,158	224	32,347	244	43,505	28.54	7	4,446
Limited Review:									
Oakland MA	11	585	19	4,783	30	5,367	3.52	2	670
Orange County MA	11	5,380	17	11,623	28	17,003	11.15	0	0
Riverside-San Bernadino MA	16	5,175	13	2,982	29	8,157	5.35	2	495
San Diego MA	17	4,001	8	3,475	25	7,476	4.90	1	1,603
San Francisco-San Mateo Counties	13	3,286	17	3,082	30	6,368	4.18	1	2,777
San Jose MA	10	2,946	6	5,000	16	7,946	5.21	1	365
Tulare-Visalia MA	1	115	1	1,608	2	1,723	1.13	0	0
Ventura MA	10	1,993	10	950	20	2,943	1.93	1	20
Statewide/Regional	12	5,131	5	8,639	17	13,770	9.03	2	1,000

* '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																	
Geography: CALIFORNIA																	
Evaluation Period: JANUARY 11, 2000 TO JANUARY 13, 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
Full Review:																	
Los Angeles-Long Beach MA	78.55	32	58	9.38	9.38	21.88	59.38	7	6	0	1	0	0	9.02	26.69	33.93	30.17
Limited Review:																	
Oakland MA	4.41	5	9	20.00	20.00	60.00	0.00	8	3	1	1	3	0	8.58	20.10	43.13	27.70
Orange County MA	5.02	5	9	0.00	40.00	60.00	0.00	1	1	0	0	0	0	3.61	26.73	42.01	27.64
Riverside-San Bernadino MA	2.96	2	4	0.00	0.00	100.00	0.00	0	2	0	-1	-1	0	2.01	21.93	48.82	26.74
San Diego MA	1.22	3	5	0.00	33.33	66.67	0.00	0	0	0	0	0	0	6.24	23.15	43.98	25.26
San Francisco-San Mateo Counties	5.02	2	4	50.00	0.00	50.00	0.00	5	3	1	1	0	0	7.61	22.63	45.86	23.78
San Jose MA	0.37	1	2	0.00	0.00	100.00	0.00	2	1	0	0	1	0	3.91	21.23	54.69	20.18
Tulare-Visalia MA	0.00	1	2	0.00	0.00	0.00	100.00	1	0	0	0	0	1	0.00	27.66	47.35	24.72
Ventura MA	2.45	4	7	0.00	25.00	50.00	25.00	0	0	0	0	0	0	2.58	29.32	45.01	23.10