



SMALL BANK

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

PUBLIC DISCLOSURE

August 21, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Santa Clara Valley Bank, National Association
Charter Number 23642**

**901 East Main Street
Santa Paula, CA 93060**

**Comptroller of the Currency
Southern California-North Field Office
550 North Brand Boulevard, Suite 500
Glendale, CA 91203**

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, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING:

This institution is rated Satisfactory.

Santa Clara Valley Bank's **satisfactory** record of meeting the credit needs within its community is supported by the following:

- The loan-to-deposit ratio meets the standard for satisfactory performance.
- A substantial majority of the bank's loans are in the assessment area.
- Lending to borrowers of different incomes does not meet the standard for satisfactory performance. Lending to businesses of different sizes exceeds the standard for satisfactory performance.
- The geographic distribution of loans meets the standard for satisfactory performance.

DESCRIPTION OF INSTITUTION

Santa Clara Valley Bank, N.A. (SCVB) is a full-service commercial bank headquartered in the City of Santa Paula, California. SCVB operates three full service branches in nearby cities of Santa Paula, Fillmore and Valencia. The bank offers a full range of products and services, as well as 24-hour banking from three automated teller machines (ATMs). The bank has not closed any offices since it started operations in December 1998.

As of June 30, 2006, assets totaled \$91.5 million. Total loans of \$53 million represented 58 percent of total assets. SCVB's primary lending focus is to small businesses, which represents \$45 million, or 85 percent of total loans. Consumer loans totaled \$8 million, or 15 percent of total loans. Commercial and consumer loans are both secured and unsecured. Most commercial loans are real estate secured. Consumer loans are secured by 1-4 family real estate or autos. The majority of the bank's business customers are small family enterprises and closely held businesses.

Table 1 details the composition of the loan portfolio as of June 30, 2006.

Table 1 – SCVB’s Loan Portfolio Composition		
Loan Type	Outstanding (000’s)	Percent (%) of Total Loans
Commercial – real estate secured	\$35,396	67%
Commercial - unsecured	\$9,690	18%
Consumer – 1–4 family real estate secured	\$5,062	10%
Consumer – other	\$2,525	5%
TOTAL	\$52,673	100%

Source: Data reported in bank records

The bank operates in a very competitive market, with direct competition from 30 financial institutions. Five of these financial institutions are part of large multi-state commercial banking holding companies and larger in asset size than SCVB.

The bank has no legal, financial, or other factors that would affect its ability to meet the credit needs in its assessment area. SCVB received an “Outstanding” rating in the previous CRA Public Evaluation, dated October 16, 2000.

DESCRIPTION OF ASSESSMENT AREA

The bank’s assessment area (AA) includes the entire Ventura-Oxnard-Thousand Oaks Metropolitan Statistical Area (MSA) and a small area of the northwest portion of the Los Angeles-Long Beach MSA. The AA contains 205 contiguous census tracts from the Pacific Ocean, eastward along Highway 126 into the Santa Clarita Valley. The AA includes the cities of Ventura, Oxnard, Thousand Oaks, Santa Paula, Fillmore, Valencia, and Santa Clarita. The AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate- income geographies. Table 2 details the number and percentage of census tracts by income level, and the number and percentage of families within those tracts.

Table 2 - Assessment Area (AA) Characteristics				
Census Tract Income Level	Number of Census Tracts	% of Census Tracts	Number of Families	% of Families
Low	7	3%	6,907	2%
Moderate	36	18%	50,793	17%
Middle	76	37%	123,087	40%
Upper	86	42%	123,774	41%
TOTAL	205	100%	304,561	100%

Source: 2000 Census Data

Please refer to SCVB’s *CRA Public File* for a comprehensive list of census tracts that comprise the AA. The 2000 Census Bureau reported 941,187 residents within the AA. The updated 2004

Department of Housing and Urban Development (HUD) median family income for these census tracts was \$70 thousand. The U.S. Department of Labor Statistics estimated the June 2006 unemployment rate in Ventura County, the majority of the AA, at 4.4 percent. The California Association of Realtors cited the average July 2006 sales price for existing single-family residences in Ventura County at \$605 thousand. This area has seen record rates of housing-appreciation, due to an under supplied market and low mortgage rates.

The Ventura region is highly diverse, with a mixture of urban and suburban communities. Since 2004, the economy has rebounded and shown strong employment growth. The main industries are high tech employment, farming, and limited-service eating facilities. The top ten employers are: Ventura County Naval Base, Amgen, Inc., Boeing, Countrywide Home Loans, WellPoint Health Networks, Verizon Communications, Ventura County Health Care Agency, St. John's Regional Medical Center, Technicolor Video Services, and Los Robles Regional Medical Center.

We reviewed three community contact reports completed by the OCC. These contacts indicate that credit needs in the AA continue to be centered in affordable housing and loans to small businesses.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Scope of examination

We evaluated the bank's CRA performance based on a sample of loans originated from the prior CRA examination through June 30, 2006. We focused our evaluation on commercial real estate secured loans and consumer loans secured by 1-4 family residences. Our sample consisted of 45 commercial real estate secured loans and all eleven consumer loans secured by 1-4 family residences. These categories represent the two largest concentrations for each loan type within SCVB's loan portfolio.

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is reasonable and meets the standard for satisfactory performance. The bank's average LTD ratio for 17 quarters ending March 31, 2006, was 70 percent. This compares favorably to the average LTD ratio of 72 percent for three similarly situated banks for the same period. The three banks are similar in asset size and serve the same market.

Lending in Assessment Area

SCVB's lending in the AA is strong. Commercial lending exceeds the standard for satisfactory performance. By number, 70 percent of sampled commercial loans were to businesses within the AA. By dollar, 59 percent of sampled commercial loans were originated to businesses within the AA.

Consumer lending within the AA exceeds the standard for satisfactory performance. By number,

82 percent of total sampled consumer loans were to consumers located within the AA. By dollar, 70 percent of sampled consumer loans were made to consumers within the AA. Table 3 shows the distribution of these loans.

Table 3 - Lending in AA										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	30	70%	13	30%	43	\$10,609	59%	\$7,361	41%	\$17,970
Consumer	9	82%	2	18%	11	\$1,145	70%	\$481	30%	\$1,626
TOTAL	39		15		54	\$11,754		\$7,842		\$19,596

Source: Data reported in bank records

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

SCVB's record of lending to consumers of different incomes and to businesses of different sizes is satisfactory. Lending to commercial businesses with revenues of less than \$1 million exceeds the standard for satisfactory performance. The bank exceeded the AA demographics in this area in both number and dollar volume of loans originated. Refer to Table 4 for details.

Table 4 - Borrower Distribution of Loans to Businesses in AA		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	66%	6%
% of Loans by Number	80%	20%
% of Loans by Dollar	74%	26%

Source: Data collected from Dunn and Bradstreet and Loan Sample

* 28% of businesses did not report revenues

SCVB's record of consumer lending to low- and moderate-income individuals does not meet the standard for satisfactory performance. However, the maximum annual income of low- and moderate-income individuals is \$35 thousand and \$56 thousand, respectively. Income at either of these levels is generally not sufficient to qualify for traditional residential loans, based on the current market values in the AA. Income information is based on 2004 HUD median family income. Refer to Table 5 for details.

Table 5 - Borrower Distribution of Consumer Loans AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Consumer	2%	0%	17%	0%	39%	33%	42%	67%

Source: Data collected from Dunn and Bradstreet and Loan Sample

Geographic Distribution of Loans

The bank’s geographic distribution of loans is satisfactory. SCVB’s geographic distribution of commercial loans exceeds the standard for satisfactory performance. Originations for commercial loans for both low- and moderate-income census tracts exceed the AA demographics. Refer to Table 6 for details.

Table 6 - Geographic Distribution of Loans to Businesses in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans	% of AA Business	% of Number of Loans
Commercial *	3%	37%	15%	30%	42%	30%	37%	0%

Source: Data collected from Dunn and Bradstreet and Loan Sample

* Income levels for 3% of the businesses are not available, and 3% of the number of loans were not given a census tract designation.

The geographic distribution of consumer loans in low-income communities does not meet the standard for satisfactory performance. However, the AA demographic data shows that owner-occupied housing in the low-income communities is low at 2 percent.

The geographic distribution of consumer loans in moderate-income communities exceeds the standard for satisfactory performance. The AA demographic data indicates that owner-occupied housing in moderate-income census tracts is 17 percent of total AA owner-occupied housing. During the review period, 33 percent of the bank’s consumer originations were in moderate-income census tracts. Refer to Table 7 for details.

Table 7 - Geographic Distribution of Consumer Loans in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Consumer	2%	0%	17%	33%	40%	67%	41%	0%

Source: Data Collected from Dunn and Bradstreet and Loan Sample

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices

Responses to Complaints

The bank has not received any complaints associated with its CRA performance.