



# LARGE BANK

---

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

---

## Public Disclosure

July 8, 2004

### Community Reinvestment Act

## Performance Evaluation

Community National Bank  
Charter Number: 18686

900 Canterbury Place  
Escondido, CA 92025

Office of the Comptroller of the Currency

South California - South Field Office  
1925 Palomar Oaks Way, Suite 202  
Carlsbad, CA 92008-6526

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

## Table of Contents

<b>OVERALL CRA RATING .....</b>	<b>1</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>2</b>
<b>DESCRIPTION OF INSTITUTION.....</b>	<b>5</b>
<b>SCOPE OF THE EVALUATION .....</b>	<b>6</b>
<b>FAIR LENDING REVIEW .....</b>	<b>7</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....</b>	<b>8</b>
LENDING TEST .....	8
INVESTMENT TEST .....	13
SERVICE TEST .....	14
<b>APPENDIX A: SCOPE OF EXAMINATION .....</b>	<b>A-1</b>
<b>APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS.....</b>	<b>B-1</b>
<b>APPENDIX C: TABLES OF PERFORMANCE DATA .....</b>	<b>C-1</b>

## Overall CRA Rating

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

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

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

\* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

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

## Definitions and Common Abbreviations

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

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

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

**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 ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

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

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

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

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

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

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

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

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

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

## Description of Institution

Community National Bank (CNB or “the bank”) is a full-service intrastate bank headquartered in Escondido, California. Founded in 1985 (formerly Fallbrook National Bank), CNB is the wholly-owned subsidiary of Community Bancorp, Incorporated. This one-bank holding company, formed in June 1999, is also headquartered in Escondido. Community Bancorp reported total assets of \$502.4 million as of March 31, 2004.

As of the bank’s March 31, 2004, Consolidation Report of Income and Condition, CNB reported total assets of \$501.6 million, total deposits of \$430.3 million, and net income of \$2.1 million. Tier One Capital of \$52.1 million represented 12.04 percent of the bank’s risk weighted assets. CNB serves the San Diego and Riverside communities through 5 full-service branches with a sixth branch expected to open in the fourth quarter 2004 in Murietta, CA. At the previous CRA examination in 1998, the bank’s main branch was the Fallbrook office. Effective in May 2004, the Escondido office officially became the bank’s main branch. CNB offers 24-hour banking services through Automated Teller machines (ATM) that are located at every branch. Please refer to Table 15 in Appendix C-1 for the distribution of branches and ATMs.

CNB has two CRA assessment areas, which include the northwest portion of San Diego County and western portion of Riverside County. The assessment areas are highly competitive with numerous large, regional and community banks and other financial service providers. The largest banks offering commercial and consumer financial products in the assessment area include Bank of America, Washington Mutual Bank, Wells Fargo Bank, Union Bank of California, and California Bank and Trust.

The bank’s primary credit products include commercial, commercial real estate, consumer construction, and small business loans under the Small Business Administration’s (SBA) programs. CNB has seven Loan Production Offices located in California, Nevada, and Arizona that specialize in SBA lending. Affordable housing remains an ongoing credit need within the bank’s assessment areas and lending opportunities to meet this need have been challenging. The diminishing supply of land coupled with the increase in new housing demand have increased housing costs to levels that are not affordable for many low-and moderate-income families.

The OCC evaluated CNB as a small institution at its previous CRA examination as of July 13, 1998. The bank was rated “Satisfactory.” This is the bank’s first CRA examination as a large institution. There are currently no legal, financial, regulatory, or other factors impeding the bank’s ability to meet the credit needs of its assessment areas.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

Our evaluation considers CNB's small business lending activities and consumer loans for 2002 and 2003. The bank was not required to report its loans to small businesses prior to 2002. We also evaluated the bank's origination of mortgage loans for 1999, 2000, 2001, 2002, and 2003. CNB originated one farm loan during 1999 through 2002. Home improvement, home refinance, home purchase, home equity, and multi-family loans are not significant lending activities for this bank and were not considered in our analyses. The evaluation period for community development lending, investments, and services include all activities since January 1, 1999 through May 31, 2004. *Refer to Appendix A for additional details of the examination scope.*

### **Data Integrity**

We performed a separate data integrity examination during February 2004, to determine the accuracy of the loan data used in our analyses. During this review period, we reviewed Community Development (CD) loans, investments, and services to ensure that each activity has community development as its primary purpose. We did not identify any errors in loans subject to the Home Mortgage Disclosure Act (HMDA). However, we did disclose errors in the small business loans reported in 2002 and 2003. Prior to the start of this examination, bank management corrected the errors and resubmitted the reports. All loans, investments, and services included in this Report qualified for CD credit.

### **Selection of Areas for Full-Scope Review**

We performed a full-scope examination of the San Diego assessment area (MSA) and a limited-scope review of the Riverside assessment area. The San Diego MSA represents the majority of the bank's lending. *Refer to Table 1 for details of lending.*

### **Ratings**

The bank's overall rating is based primarily on the full-scope review of the San Diego MSA. Within the loan products, examiners weighted the performance of the small business lending the heaviest, as this product represents approximately 72 percent of all reportable loans.

### **Other**

Examiners considered information from two community contacts: a faith-based community development corporation and a local government organization. The organizations identified the area's primary credit needs as affordable housing and small business loans. Examiners also relied on their knowledge of the area. *Refer to the "Market Profile" section in Appendix B for additional information.*



## **Fair Lending Review**

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

# Conclusions with Respect to Performance Tests

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "**High Satisfactory.**" Based on the full-scope review, the bank's performance in the San Diego MSA is good.

The key findings that support this rating include:

- The level of originated and purchased small business loans is good, and the lending levels are consistent with the bank's strategic focus and financial resources.
- The bank originated a good level of community development loans that had a positive impact on the Lending Test.
- The geographic distribution of small business loans is excellent. The geographic distribution of consumer loans is good.
- The distribution of small loans to businesses of different sizes is good. Borrower distribution of consumer loans is good.

### Lending Activity

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

Overall, lending activity in the San Diego MSA is good based on the small business, consumer, and community development lending.

Lending activity in small loans to businesses in the San Diego MSA is good based on the bank's market share of loans compared to the market share of the bank's deposits. According to the 2002 lending market share data publicly available, the bank ranked 14th of 63 small business lenders in the San Diego MSA. This was based on the dollars of small business loans originated. While the 2002 data reflect the bank's market for small loans to businesses by number of loans was only 0.14 percent compared to the deposit market share of 0.83 percent, the market share of loans by dollar amount was high at 1.48 percent. Lending market share information for 2003 is not available at this time. Community development loans helped to enhance the bank's level of lending activity. Considering the bank's size and the competition in the assessment area, the origination of four community development loans totaling \$7.1 million is good.

The bank originated a good volume of other secured consumer loans during the review period. These loans are primarily for the purpose of constructing homes. *Refer to Table 1 Other Products for details.*

CNB's operational history, strategy focus, and market competition are discussed in the "Description of Institution" section in Appendix A-5 and "Market Profile" section in Appendix B-2.

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

### ***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.*

Home mortgage lending is not a primary product for the bank. During the review period the bank originated and purchased 65 loans totaling \$19.7 million. We did not perform an analysis of the bank's home mortgage lending as this would not be meaningful.

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

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

The geographic distribution of small loans to businesses in the San Diego MSA is good.

During 1999 through 2002, the bank did not originate any loans in the one low-income geography in the San Diego MSA. However, lending in the moderate-income geographies exceeded the percentage of businesses in the MSA. As Table 6 shows, 1.08 percent of all businesses are located in the one low-income geography and the bank did not originate any loans in that geography. The Table also shows that while 22.47 percent of the small businesses are located in moderate-income geographies, the bank originated 32.04 percent of its small loans in moderate-income geographies. Additionally, the bank's market share of small business loans in the moderate-income geographies exceeds its overall market share for this product.

The bank's origination of small business loans in 2003 exceeded the percentages of small businesses in the low- and moderate-income geographies. Table 6 shows that 1.94 percent of all small businesses are located within the low-income geography and the bank originated 2.82 percent of its loans to those businesses. While 22.82 percent of all small businesses are located in the moderate-income geographies, 30.99 percent of the bank's loans were to those businesses.

### ***Small Loans to Farms***

*Refer to Table 7 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.*

The bank only originated one small farm loan and an analysis would not be meaningful.

### ***Consumer Loans***

*Refer to Table 13 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.*

The bank's distribution of consumer loans among the geographies is adequate.

During 1999 through 2002, the bank's origination of consumer loans in the low-income geography exceeded the percentage of households located in that geography. However, loans originated in the moderate-income geographies were less than the percentage of households in these geographies. As Table 13 shows, 0.49 percent of all households are located in low-income geographies while the bank originated 1.05 percent of the loans to these households. While 22.13 percent of the households are moderate-income, the bank originated 12.63 percent of its loans to these households.

The bank's origination of consumer loans in 2003 was less than the percentage of households located in the low- and moderate-income geographies. As Table 13 depicts, 0.95 percent of all households are located in the low-income geographies and while the bank did not originate any loans to these households. While 23.05 percent of all households are located in moderate-income geographies, 19.40 percent of these households received loans.

### **Lending Gap Analysis**

Examiners analyzed the bank's small business and consumer lending patterns within the San Diego MSA. Examiners did not identify any conspicuous gaps or areas with abnormally low loan penetration that could not be adequately explained.

### **Inside/Outside Ratio**

The bank's inside/outside ratio is excellent.

During the 1999 through 2002, the bank originated a majority (80 percent) of its loans within its assessment areas. The percentages of loans within the areas for each type of loan are: home purchase 85 percent, home improvement 90 percent, home refinance 80 percent, multifamily 44 percent, small business 66 percent, small farm 100 percent, and consumer 93 percent.

In 2003 the bank originated a majority (71 percent) of its loans within its assessment areas. The percentages of loans within the areas for each type of loan are: home purchase 100 percent, home improvement 100 percent, home refinance 100.00 percent, multifamily 0.00 percent, small business 58 percent, small farm 0.00 percent, and consumer 95 percent.

The performance for both periods has a favorable impact on the overall analysis of lending by income level of geography.

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

### ***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.*

Home mortgage lending is not a primary product for the bank. During the review period the bank originated and purchased 65 loans totaling \$19.7 million. We did not perform an analysis of the bank's home mortgage lending as this would not be meaningful.

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

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

The bank's distribution of loans to businesses with revenues less than a \$1 million in the San Diego MSA is good.

During 1999 through 2002, the number of small loans originated by the bank as a percentage was slightly less than the percentage of small businesses in the MSA. The market share of loans to small businesses exceeded the overall market share of small business loans in the MSA. In addition, the majority of the loans to businesses were in amounts of \$100 thousand or less.

In 2003, the number of small loans originated by the bank as a percentage was slightly less than the percentage of small businesses in the MSA. Market share information for 2003 is not yet available. The majority of the loans to businesses were in amounts of \$100 thousand or less.

### ***Small Loans to Farms***

*Refer to Table 12 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.*

An analysis of small farm loans is not meaningful as the bank originated one loan during this review period.

### ***Consumer Loans***

*Refer to Table 13 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.*

The bank's distribution of consumer loans to borrowers in the San Diego MSA is good.

During 1999 through 2002, 18.94 percent of all households were low-income and the bank originated 17.50 percent of its consumer loans to these borrowers. Moderate-income households accounted for 16.92 percent of all households and the bank originated 11.25 percent to these borrowers. Considering that this product is for the construction of homes and the cost of housing in this MSA is not affordable, this performance is satisfactory.

In 2003, the bank's origination of loans to borrowers in low-income households exceeded the percentage of the number of borrowers these households. The number of low-income households was 19.47 percent and the bank originated 25.00 percent of its consumer loans these borrowers. Moderate-income households represent 16.66 percent of all households, while loans originated by the bank to these borrowers was 6.25 percent.

### **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.*

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

### **Product Innovation and Flexibility**

The bank's loan products were responsive to the needs of the MSA. However, the loan products were neither innovative nor flexible. The lack of innovativeness and flexibility did not have any impact on this evaluation.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Lending Test in the Riverside-San Bernardino MSA is not inconsistent with the bank's overall high satisfactory performance under the Lending Test. *Refer to Tables 1 through 13 in appendix C for the facts and data that support these conclusions.*

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

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

The bank's performance under the Investment Test is rated **High Satisfactory**. Based on our full-scope review, the bank's performance in the San Diego MSA good.

The key findings that support the rating include:

- The dollar volume of qualified investments is good, given the investment opportunities within the assessment area and the bank's capacity to address these needs.
- Qualified investments are responsive to the affordable housing, small business credit, and community service needs of the bank's assessment area.
- The bank made donations to various community service, small business, and affordable housing organizations.

Community National Bank's qualified investments totaled over \$2.5 million. The investments were originated during this evaluation period. While the investments are neither complex nor innovative, they are responsive to the affordable housing, small business, and community service needs of the assessment area. Ninety-three percent of the qualified investments (by dollar) support low- and moderate-income housing. The high dollar volume of qualified investments also reflects the bank's willingness to address the community's needs. This conclusion considers the numerous investment opportunities within the assessment area and the bank's capacity to address these needs. Examples of the bank's investments are shown below.

- The bank purchased a Mortgage Backed Security totaling over \$860,000 consisting of a pool of mortgage loans to low- and moderate-income individuals residing in the bank's assessment areas.
- The bank invested in an \$857,000 tax credit fund that consists of a low-income apartment complex in the bank's San Diego assessment area.

During the evaluation period, the bank made donations to various community service organizations totaling over \$45 thousand. These donations helped the various non-profit organizations provide essential services such as education programs and child development services to low- and moderate-income areas and individuals.

### Conclusions for Area Receiving Limited-Scope Reviews

Based on our limited-scope review, the bank's performance under the Investment Test in the Riverside-San Bernadino MSA is not inconsistent with the bank's overall "High Satisfactory" 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 Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "**High Satisfactory.**" Based on full-scope reviews, the bank's performance in the San Diego MSA is good.

The key findings that support the rating include:

- The distribution of branches is good. Branches are readily accessible to low- and moderate-income geographies and individuals of different incomes.
- Branch services do not vary in a way that would inconvenience portions of the assessment area, particularly low- and moderate-income individuals or geographies.
- The bank provides a good level of community development services that are responsive to the community's needs.

### Retail Banking Services

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

**The distribution of the bank's four branches among geographies in the San Diego MSA is good. Branches are accessible to populations in low- and moderate-income census tracts. Based on the 1990 as well as the 2000 U.S. Census data, one of the bank's branches (Fallbrook) is located in a moderate-income census tract. Based on 1990 U.S. Census data, this exceeded the percentage of the population residing in moderate-income geographies in the San Diego assessment area [comparative population demographics based on 2000 census data were not available at the time of this performance evaluation].**

The bank has not closed any branches since the last CRA performance evaluation, but opened two new branches. These include the Escondido main branch, which is located in a middle-income census tract, but it is directly adjacent to and contiguous with nine moderate-income census tracts and the only low-income census tract in the designated San Diego assessment area. The Bonsall branch is located in a middle-income census tract but is also reasonably accessible to other moderate-income census tracts within the immediate area.

Branch hours are reasonable and are consistent among all branches. All branches are open 9:00 A.M. to 5:00 P.M. Monday through Thursday and Friday 9:00 A.M. to 6:00 P.M. No branches are open on Saturday, but full-service 24-hour ATMs are located at all branches for deposits, withdrawals, transfers between accounts, and balance inquiries.



### *Alternate Delivery Systems*

The banks' retail services and alternative delivery systems are responsive to the needs of the community. The bank offers a wide range of consumer and business loan and deposit products at all branch locations. Alternate delivery systems include 24-hour bank-by-phone, limited online banking, and courier service. Courier service is targeted to businesses. Because information was not available on whether alternative delivery systems specifically enhance the provision of financial services to low- and moderate-income persons, the OCC could not place significant weight on the services and systems described.

### **Community Development Services**

The volume and responsiveness of the bank's community development services is good.

CNB is actively involved in a variety of community development services that are responsive and supportive of the needs of small businesses and LMI persons in the assessment areas. During the evaluation period, bank management and staff dedicated hundreds of hours annually in community service activities for approximately 20 organizations throughout the bank's assessment areas. These community organizations focus on local economic development, small business financing, affordable housing, and other community services to low- and moderate-income individuals. Services include chairmanships, board memberships, fundraising activities, and financial education.

The following are examples of the bank's significant community development services during the evaluation period:

- CNB dedicates approximately 100 hundred hours annually to the CDC Small Business Finance Corporation, which focuses on meeting the needs of small, growing businesses. A CNB executive vice president has been a CDC board member since 1981, has been active on the loan committee and several other committees, and he is currently the CDC chairman. Serving primarily as a conduit between financial institutions and SBA loan programs, the CDC became the nation's largest certified development corporation by its tenth year in existence in terms of number of loans and dollars funded. The CDC also is involved with other programs to help meet small business financing needs. These include micro lending, the state guaranty loan program, loan packaging, and overseeing a bank-funded loan pool program.
- CNB is active on a monthly basis providing services for the Service Corps of Retired Executives Association (SCORE). The bank dedicates nearly 80 hours of service annually by teaching or speaking for the local chapter of this organization. SCORE provides a variety of services including monthly workshops to help address the needs of new and existing small business owners. Workshops cover a wide range of topics that include counseling on financing options, business planning, marketing strategies, and product development among others.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Service Test in the Riverside-San Bernardino MSA is not inconsistent with the bank's overall performance under the Service Test. The branch distribution in the Riverside-San Bernardino MSA is not inconsistent with the bank's overall branch distribution. (The bank has only one branch in the Riverside-San Bernardino MSA, which is located in a middle-income census tract. This tract is directly adjacent to a moderate-income census tract.)

## 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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (01/01/99 to 12/31/03) Investment and Service Tests and CD Loans: (01/01/99 to 5/31/04)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Community National Bank Escondido, California	Small Business Loans, Consumer Loans, CD Loans, CD Investments, CD Services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
San Diego MSA #7320	“Full-Scope”	
Riverside-San Bernardino #6780	“Limited-Scope”	

# Appendix B: Market Profiles for Full-Scope Areas

---

## Table of Contents

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

San Diego MSA .....	B-2
---------------------	-----

## San Diego MSA

Demographic Information for Full-Scope Area: San Diego MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	149	0.67	21.48	40.94	36.91	0.00
Population by Geography	772,112	1.29	27.41	37.13	34.17	0.00
Owner-Occupied Housing by Geography	166,605	0.12	12.89	38.46	48.52	0.00
Businesses by Geography	53,940	1.94	22.82	34.43	40.81	0.00
Farms by Geography	1,484	0.61	16.64	41.31	41.44	0.00
Family Distribution by Income Level	190,326	18.57	17.53	20.08	43.83	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	68,700	2.08	38.40	37.38	22.14	0.00
Median Family Income HUD Adjusted Median Family Income for 2003 Households Below the Poverty Level	\$53,438 = 0 = 8.1%	Median Housing Value Unemployment Rate			\$239,925 = 2.44%	

Source: 1990 U.S. Census and 2002 HUD updated MFI.

Community National Bank has delineated a San Diego assessment area that includes the northwest portion of San Diego County. It contains 149 geographies including one low-income and 32 moderate-income geographies. The assessment area boundary begins south of Solana Beach, north of Del Mar, running east through Rancho Santa Fe, northeast of Poway and Ramona, then due north along the western perimeter of Palomar Mountain to the Riverside County line, then west along said county line to the Orange County line. There are four offices in the area.

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

Of the county's 605 census tracts (2000 U.S. Census), 48 are low-income and 135 are moderate-income. The overall area is comprised of 19 jurisdictions including 18 cities of which the city of San Diego, with a population of 1.3 million, is the largest. The most heavily populated areas are located along the coast where jobs are concentrated in the military, biotechnology, commercial, international trade, tourism, and professional services. The region's location on the Pacific Rim and its proximity to the Mexican border (17 miles from downtown San Diego) has resulted in trade benefits for businesses seeking to take advantage of the North American Free Trade Agreement ("NAFTA").

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

San Diego is the sixth largest city in the country, and the second largest in California. The Milken Institute has labeled the city as the top-performing city in the state in job, wage and salary growth, and high-tech output. According to the same study, it is the fifth top-performing city in the country. Business opportunities exist in the county in the form of a workforce with access to several institutes of higher learning including the University of California at San Diego, San Diego State University, the University of San Diego, and other private colleges, community colleges, and vocational schools. There is a good employee base with a median age of 32. Telecommunications, software, and biotech are the fastest growing industries.

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

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

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

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

## Appendix C: Tables of Performance Data

---

### Content of Standardized Tables

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

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

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

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



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

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

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

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

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

**Table 1. Lending Volume**

LENDING VOLUME		Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002						
MSA/Assessment Area	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
San Diego	65.23	63	19,006	103	21,700	1	250	2	2,910	169	43,866	82.74
<b>Limited Review:</b>												
Riverside	34.77	46	7,985	43	12,376	0	0	0	0	89	20,361	17.26

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MSA rating area.

\*\* The evaluation period for Community Development Loans is From January 01, 1999 to December 31, 2002.

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

**Institution ID: 1000018686 COMMUNITY NATIONAL BANK**

**Table 1. Other Products**

LENDING VOLUME		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002						
MSA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>														
San Diego	54.29	95	23,415	0	0	15	1,379	31	436	0	0	40	21,544	82.74
<b>Limited Review:</b>														
Riverside	45.71	80	20,039	0	0	2	238	13	194	0	0	62	19,594	17.26

\* Loan Data as of December 31, 2002. Rated area refers to either the state or multi-state MSA rating area.

\*\* The evaluation period for Optional Product Line(s) is From January 01, 1999 to December 31, 2002.

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

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

**Table 1. Other Products**

LENDING VOLUME		Geography: CALIFORNIA		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002	
MSA/Assessment Area:	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
San Diego	9	56	0	0	
<b>Limited Review:</b>					
Riverside	3	13	0	0	

\* The evaluation period for Optional Product Line(s) is From January 01, 1999 to December 31, 2002.

**Institution ID: 1000018686 COMMUNITY NATIONAL BANK**

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
<b>Full Review:</b>															
San Diego	22	47.83	0.12	0.00	14.27	22.73	48.11	40.91	37.50	36.36	0.01	0.00	0.02	0.01	0.01
<b>Limited Review:</b>															
Riverside	24	52.17	0.01	0.00	16.92	0.00	50.52	37.50	32.55	62.50	0.00	0.00	0.00	0.00	0.00

\* Based on 2002 Peer Mortgage Data: Western Region 2.

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

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

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Geographic Distribution: HOME IMPROVEMENT		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002							
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% 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
<b>Full Review:</b>															
San Diego	28	70.00	0.12	0.00	14.27	10.71	48.11	60.71	37.50	28.57	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Riverside	12	30.00	0.01	0.00	16.92	0.00	50.52	8.33	32.55	91.67	0.00	0.00	0.00	0.00	0.00

\* Based on 2002 Peer Mortgage Data: Western Region 2.

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

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

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002							
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% 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
<b>Full Review:</b>															
San Diego	10	55.56	0.12	0.00	14.27	0.00	48.11	50.00	37.50	50.00	0.00	0.00	0.00	0.00	0.01
<b>Limited Review:</b>															
Riverside	8	44.44	0.01	0.00	16.92	0.00	50.52	12.50	32.55	87.50	0.00	0.00	0.00	0.00	0.01

\* Based on 2002 Peer Mortgage Data: Western Region 2.

\*\* Home mortgage refinance loans originated and purchased in the MS/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.

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Geographic Distribution: MULTIFAMILY		Geography: CALIFORNIA					Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans						
<b>Full Review:</b>																
San Diego	3	60.00	1.21	0.00	33.57	33.33	49.25	66.67	15.97	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Riverside	2	40.00	0.00	0.00	30.25	0.00	44.99	50.00	24.76	50.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Mortgage Data: Western Region 2.

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

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



**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MSA/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 Business es***	% BANK Loans	% of Business es***	% BANK Loans	% of Business es***	% BANK Loans	% of Business es***	% BANK Loans						
<b>Full Review:</b>																
San Diego	103	70.55	1.08	0.00	22.47	32.04	44.25	51.46	32.20	16.50	0.13	0.00	0.23	0.15	0.09	
<b>Limited Review:</b>																
Riverside	43	29.45	0.24	0.00	23.53	4.65	40.69	20.93	35.48	74.42	0.12	0.00	0.04	0.08	0.23	

\* Based on 2002 Peer Small Business Data: US and PR.

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

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

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Geographic Distribution: SMALL LOANS TO FARMS			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans						
<b>Full Review:</b>																
San Diego	1	100.00	0.16	0.00	18.07	0.00	44.02	0.00	37.75	100.00	0.40	0.00	0.00	0.00	1.27	
<b>Limited Review:</b>																
Riverside	0	0.00	0.16	0.00	16.48	0.00	46.31	0.00	37.05	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Small Business Data: US and PR.

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

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

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Borrower Distribution: HOME PURCHASE			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002					Market Share*				
MSA/Assessment Area:	Total Home Purchase 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***						
<b>Full Review:</b>																
San Diego	22	47.83	17.62	5.26	18.58	10.53	22.10	15.79	41.69	68.42	0.02	0.00	0.00	0.02	0.02	
<b>Limited Review:</b>																
Riverside	24	52.17	18.46	8.70	16.97	0.00	23.00	21.74	41.57	69.57	0.00	0.00	0.00	0.00	0.01	

\* Based on 2002 Peer Mortgage Data: Western Region 2.

\*\* As a percentage of loans with borrower income information available. No information was available for 8.70% of loans originated and purchased by BANK.

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

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

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Borrower Distribution: HOME IMPROVEMENT		Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002					Market Share*				
MSA/Assessment Area:	Total Home Improvement 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***					
<b>Full Review:</b>															
San Diego	28	70.00	17.62	17.86	18.58	10.71	22.10	21.43	41.69	50.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Riverside	12	30.00	18.46	0.00	16.97	0.00	23.00	27.27	41.57	72.73	0.00	0.00	0.00	0.00	0.00

\* Based on 2002 Peer Mortgage Data: Western Region 2.

\*\* As a percentage of loans with borrower income information available. No information was available for 2.50% of loans originated and purchased by BANK.

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

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

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002							
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families**	% BANK Loans****	% Families**	% BANK Loans***	% Families**	% BANK Loans***	% Families**	% BANK Loans***	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
San Diego	10	55.56	17.62	20.00	18.58	10.00	22.10	20.00	41.69	50.00	0.00	0.00	0.00	0.01	0.00
<b>Limited Review:</b>															
Riverside	8	44.44	18.46	0.00	16.97	0.00	23.00	12.50	41.57	87.50	0.00	0.00	0.00	0.00	0.01

\* Based on 2002 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 BANK.

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

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

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: CALIFORNIA			Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002		
MSA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*		
	#	% of Total**	% of Businesses**	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less	
<b>Full Review:</b>										
San Diego	103	70.55	69.11	66.99	53.40	14.56	32.04	0.13	0.35	
<b>Limited Review:</b>										
Riverside	43	29.45	73.82	72.09	34.88	16.28	48.84	0.12	0.32	

\* Based on 2002 Peer Small Business Data: US and PR.

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

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

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.68% of small loans to businesses originated and purchased by the bank.

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Borrower Distribution: SMALL LOANS TO FARMS		Geography: CALIFORNIA			Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002				
MSA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
San Diego	1	100.00	82.73	100.00	0.00	100.00	0.00	0.40	0.85
<b>Limited Review:</b>									
Riverside	0	0.00	85.09	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2002 Peer Small Business Data: US and PR.

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

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

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

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

**Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)**

Geographic and Borrower Distribution: CONSUMER LOANS																		
Geography: CALIFORNIA																		
Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002																		
MSA/Assessment Area:	Geographic Distribution										Borrower Distribution							
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds*	% of BANK Loans
<b>Full Review:</b>																		
San Diego	95	54.29	0.49	1.05	22.13	12.63	47.52	53.68	29.86	32.63	18.94	17.50	16.92	11.25	20.59	13.75	43.55	57.50
<b>Limited Review:</b>																		
Riverside	80	45.71	0.11	0.00	21.04	1.25	49.80	5.00	29.06	93.75	22.25	7.79	15.56	2.60	19.47	15.58	42.72	74.03

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

\*\* Percentage of Households is based on the 1990 Census Information.



**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: CALIFORNIA		Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2002					
MSA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
San Diego	0	0	3	73	3	73	59.84	0	0
Riverside	0	0	4	49	4	49	40.16	0	0

---

\* '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.

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

**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 1, 1999 TO DECEMBER 31, 2002																	
MSA/Assessment Area:	Deposit s	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposit s in AA	# of BANK Branch es	% of Rated Area Branch es in AA	Location of Branches by Income of Geographies (%)				# of Branch Openin gs	# of Branch Closing s	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
San Diego	82.74	3	75	0.00	33.33	66.67	0.00	0	0	0	0	0	0	0.54	26.72	44.93	27.82
<b>Limited Review:</b>																	
Riverside	17.26	1	25	0.00	0.00	0.00	100.00	0	0	0	0	0	0	0.24	19.82	49.02	30.38

**Institution ID: 1000018686 COMMUNITY NATIONAL BANK**

**Table 1. Lending Volume**

LENDING VOLUME		Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003						
MSA/Assessment Area:	% of Rated Area Loans (#) in MSA/AA *	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans **		Total Reported Loans		% of Rated Area Deposits in MSA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
San Diego	80.90	2	770	142	26,869	0	0	2	4,217	146	31,856	0.00
<b>Limited Review:</b>												
Riverside	19.10	0	0	34	10,531	0	0	3	3,519	37	14,050	0.00

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

\*\* The evaluation period for Community Development Loans is From January 01, 2003 to May 31, 2004.

\*\*\* Deposit Data as of June 30, 2003. Rated Area refers to either the state, multi-state MSA, or institution, as appropriate.

**Institution ID: 1000018686 COMMUNITY NATIONAL BANK**

**Table 1. Other Products**

LENDING VOLUME		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003						
MSA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>														
San Diego	41.88	67	16,806	0	0	5	664	20	290	0	0	31	15,222	0.00
<b>Limited Review:</b>														
Riverside	58.13	93	34,538	0	0	1	58	9	192	0	0	78	34,244	0.00

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

\*\* The evaluation period for Optional Product Line(s) is From January 01, 2003 to December 31, 2003.

\*\*\* Deposit Data as of June 30, 2003. Rated Area refers to either the state, multi-state MSA, or institution, as appropriate.

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE		Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
<b>Full Review:</b>															
San Diego	1	100.00	0.12	0.00	12.89	0.00	38.46	100.00	48.52	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Riverside	0	0.00	1.14	0.00	18.71	0.00	41.87	0.00	38.28	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2002 Peer Mortgage Data: Western Region 2.

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

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

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Geographic Distribution: HOME IMPROVEMENT			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
San Diego	1	100.00	0.12	0.00	12.89	0.00	38.46	0.00	48.52	100.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Riverside	0	0.00	1.14	0.00	18.71	0.00	41.87	0.00	38.28	0.0	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Mortgage Data: Western Region 2.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Geographic Distribution: HOME MORTGAGE REFINANCE			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
<b>Full Review:</b>																
San Diego	0	0.00	0.12	0.00	12.89	0.00	38.46	0.00	48.52	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Riverside	0	0.00	1.14	0.00	18.71	0.00	41.87	0.00	38.28	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Mortgage Data: Western Region 2.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 2000 Census information.

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Geographic Distribution: MULTIFAMILY		Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans					
<b>Full Review:</b>															
San Diego	0	0.00	3.46	0.00	41.78	0.00	37.35	0.00	17.41	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Riverside	0	0.00	10.06	0.00	34.64	0.00	40.42	0.00	14.87	50.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2002 Peer Mortgage Data: Western Region 2.

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

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 2000 Census information.



**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Geographic Distribution: SMALL LOANS TO BUSINESSES			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MSA/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 Business es***	% BANK Loans	% of Business es***	% BANK Loans	% of Business es***	% BANK Loans	% of Business es***	% BANK Loans						
<b>Full Review:</b>																
San Diego	142	80.68	1.94	2.82	22.82	30.99	34.43	45.77	40.81	20.42	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Riverside	34	19.32	6.11	2.94	29.23	55.88	37.05	17.65	27.61	23.53	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Small Business Data: US and PR.

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

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

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Geographic Distribution: SMALL LOANS TO FARMS			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MSA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans						
<b>Full Review:</b>																
San Diego	0	0.00	0.61	0.00	16.64	0.00	41.31	0.00	41.44	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Riverside	0	0.00	1.86	0.00	23.26	0.00	43.21	0.00	31.68	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Small Business Data: US and 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 (2003).

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Borrower Distribution: HOME PURCHASE		Geography: CALIFORNIA					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share*				
MSA/Assessment Area:	Total Home Purchase 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***						
<b>Full Review:</b>																
San Diego	1	100.00	18.57	0.00	17.53	0.00	20.08	0.00	43.83	0.00	0.00	0.00	0.00	0.00	0.00	
<b>Limited Review:</b>																
Riverside	0	0.00	19.64	0.00	16.84	0.00	20.43	0.00	43.09	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Mortgage Data: Western Region 2.

\*\* As a percentage of loans with borrower income information available. No information was available for 100.00% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 2000 Census information.

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

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Borrower Distribution: HOME IMPROVEMENT		Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share*				
MSA/Assessment Area:	Total Home Improvement 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***					
<b>Full Review:</b>															
San Diego	1	100.00	18.57	0.00	17.53	0.00	20.08	0.00	43.83	100.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Riverside	0	0.00	19.64	0.00	16.84	0.00	20.43	0.00	43.09	72.73	0.00	0.00	0.00	0.00	0.00

\* Based on 2002 Peer Mortgage Data: Western Region 2.

\*\* As a percentage of loans with borrower income information available. No information was available for 100.00% of loans originated and purchased by BANK.

\*\*\* Percentage of Families is based on the 2000 Census information.

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

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003							
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families**	% BANK Loans****	% Families**	% BANK Loans***	% Families**	% BANK Loans***	% Families**	% BANK Loans***	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
San Diego	0	0.00	18.57	0.00	17.53	0.00	20.08	0.00	43.83	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Riverside	0	0.00	19.64	0.00	16.84	0.00	20.43	0.00	43.09	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2002 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 BANK.

\*\*\* Percentage of Families is based on the 2000 Census information.

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

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: CALIFORNIA			Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003	
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses**	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
San Diego	142	80.68	66.64	51.41	54.23	19.01	26.76	0.00	0.00
<b>Limited Review:</b>									
Riverside	34	19.32	66.04	52.94	32.35	29.41	38.24	0.00	0.00

\* Based on aggregate Small Business Data Only.

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

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

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

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

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

Borrower Distribution: SMALL LOANS TO FARMS					Geography: CALIFORNIA			Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003	
MSA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
San Diego	0	0.00	81.06	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>									
Riverside	0	0.00	82.50	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on aggregate Small Business Data Only

\*\* 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 - 2003).

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

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

**Table 13. Geographic and Borrower Distribution of Consumer Loans**

Geographic and Borrower Distribution: CONSUMER LOANS																		
Geography: CALIFORNIA																		
Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003																		
MSA/Assessment Area:	Geographic Distribution										Borrower Distribution							
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds*	% of BANK Loans
<b>Full Review:</b>																		
San Diego	67	41.88	0.95	0.00	23.05	19.40	37.74	46.27	38.25	34.33	19.47	25.00	16.66	6.25	19.03	15.63	44.85	53.13
<b>Limited Review:</b>																		
Riverside	93	58.13	3.09	0.00	23.38	9.68	42.00	7.53	31.53	82.80	21.95	1.08	15.56	2.15	18.52	13.98	43.98	82.80

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

\*\* Percentage of Households is based on the 2000 Census Information.



**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: CALIFORNIA		Evaluation Period: JANUARY 1, 2003 TO MAY 31, 2004					
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
San Diego	0	0	4	2,331	4	2,331	80.96	1	1,142
Statewide/Regional	0	0	2	261	1	261	9.07	0	0
<b>Limited Review</b>									
Riverside	0	0	1	287	1	287	9.97	1	409

---

\* '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.

**Institution ID: 10000018686 COMMUNITY NATIONAL BANK**

**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 1, 2003 TO DECEMBER 31, 2003																	
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
San Diego	83.70	4	80	0.00	25	75	0.00	2	0	0	0	2	0	0.00	0.00	0.00	0.00
<b>Limited Review:</b>																	
Riverside	16.30	1	20	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	0.00	0.00	0.00