

PUBLIC DISCLOSURE

October 4, 1999

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**San Jose National Bank
Charter Number: 17315**

**One North Market Street
San Jose, CA 95113**

**Office of the Comptroller of the Currency
50 Fremont Street, Suite 3900
San Francisco, CA 94105**

NOTE: 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.

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **San Jose National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **October 4, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

Community Development (CD) - Affordable 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 Administrations 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.

Full-Scope Review - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

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 statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

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

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

Low- Income - Income levels that are less than 50 percent of the median family income.

Median Family Income (MFI) - The median income determined by the United States 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 Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income - Income levels that are at least 80 percent and less than 120 percent of the MFI.

Moderate-Income - Income levels that are at least 50 percent and less than 80 percent of the MFI.

Small Business Loans - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Farm Loans - Loans with original amounts of \$500,000 or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital - The total of common shareholders=equity, perpetual preferred shareholders=equity with noncumulative dividends, retained earnings, and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income - Income levels that are 120 percent or more of the MFI.

Overall CRA Rating

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

The following table shows the performance level of **San Jose National Bank (SJNB)** with respect to the lending, investment, and service tests.

Performance Levels	San Jose National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High satisfactory			
Low satisfactory	X	X	
Needs to improve			
Substantial noncompliance			

(*) Note: 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:

- SJNB's lending record demonstrates a good volume of CRA reportable small business and community development loans.
- The bank's geographic distribution of CRA reportable small business loans is excellent and the vast majority of its lending is within the assessment area.
- SJNB's distribution of small business loans by size of business is poor.
- SJNB's investment activity represents an adequate responsiveness to the community development needs of its assessment area.
- SJNB demonstrates a strong level of community development services. The bank's retail banking services are readily accessible to its business focus customer base.

Description of San Jose National Bank

San Jose National Bank opened in 1982 in San Jose, California. The bank is wholly owned by SJNB Financial Corporation. This one bank holding company has no principal shareholders, and the stock is widely held. SJNB is a business oriented intrastate bank with total assets of \$402 million as of June 30, 1999.

As of June 30, 1999, net loans totaled 73 percent of total assets. Commercial and industrial loans comprised the largest segment of the loan portfolio at 36.5 percent of average gross loans. Non-farm non-residential real estate loans represented 30.6 percent, and construction/development loans represented 18.8 percent of average gross loans. Tier one capital totaled \$29.7 million.

SJNB's headquarters are located in downtown San Jose, California, the heart of Silicon Valley. The bank opened one full service branch in Danville, California, on July 1, 1998.

SJNB competes in the local market with all of the major banks and local business-focused banks. It offers a wide range of commercial lending products, real estate lending for the purchase or refinance of commercial properties, construction lending to build either residential or commercial developments, Small Business Administration lending, and factoring products. SJNB has received Preferred Lender status from the United States Small Business Administration. The bank targets small to medium sized businesses in San Jose and the surrounding area as its business focus. It makes consumer loans only to accommodate the bank's business customers and does not have any residential real estate loans that would be reportable under the Home Mortgage Disclosure Act. SJNB does not offer retail sales of mutual funds or annuities.

The bank has defined its assessment areas as Santa Clara County and the area surrounding the Danville branch. Santa Clara County is a political subdivision and comprises the San Jose MSA 7400. The Danville assessment area is based on geographic boundaries and includes census tracts from Contra Costa and Alameda Counties. The assessment area delineations meet the requirements of the regulation and do not arbitrarily exclude low- or moderate- income geographies.

SJNB was rated "Outstanding" at its last CRA examination, dated January 24, 1997.

The assessment period for this evaluation is from January 24, 1997 to the current evaluation date. The bank has no current legal, financial, or other factors impeding its ability to help meet the credit needs in its assessment area.

Scope of Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation presents information on SJNB's small business loan originations from January 1, 1997 through December 31, 1998. We based our conclusions under the Lending Test primarily on small business lending because this is the bank's main lending product. We evaluated the bank's community development loan performance since the preceding examination (January 24, 1997). Unless otherwise stated, references to loans means exclusively these two types of loans. We also reviewed SJNB's retail banking services and community development investments and services.

Data Integrity

We reviewed a sample of small business loans, qualified investments, and community development services to determine the integrity of the data used in the analysis. Our conclusions led SJNB to review its qualified investment data and to make adjustments prior to this evaluation to ensure that the reported data was substantially correct. We found the other data to be substantially correct and sufficient to assess the bank's performance during the evaluation period.

Selection of Areas for Full Scope Review

We performed a full scope review of the San Jose MSA 7400. This MSA is where the bank has its strongest presence. SJNB has more than 75 percent of its loans and nearly 84 percent of its deposits in the San Jose MSA 7400.

We performed neither a full-scope nor limited-scope review of the Danville assessment area due to its late inclusion in the evaluation period. SJNB opened its Danville office in 1998 and transferred all Danville area loans and deposits to the Danville branch. The Danville branch's deposit volume (0.77 percent of the bank's total deposits as of June 30, 1999) and lending volume (1.79 percent of the bank's total loans as of June 30, 1999) are not significant to the bank's overall CRA performance. The branch was not represented in the latest deposit share by county statistics for Alameda and Contra Costa Counties.

Ratings

In arriving at SJNB's overall record of performance, we assessed activities under the Lending, Investment, and Service Tests in the San Jose MSA 7400. The rating methodology is structured such that the Lending Test weighs most heavily of the three tests in the final determination. In addition, community contact interviews identified small business lending as one of the primary credit needs in this area.

Other

As part of our review, we considered information obtained from community contacts. We spoke with representatives from two organizations whose focus is on economic development and small business lending. We also reviewed recent interviews with organizations involved in small business lending, affordable housing, and redevelopment and revitalization of economically depressed areas in San Jose. The individuals we interviewed and the prior interviews indicated that the credit needs in Santa Clara County were small business lending and affordable housing.

Fair Lending Review

Prior to our CRA examination, we performed a Fair Lending examination of SJNB. We reviewed loan terms for male and female borrowers for all Performance Plus Equity Line originations between June 30, 1998 and June 30, 1999. In total, we reviewed 19 loan files. Our objective was to determine if SJNB provided consistent terms to applicants without regard to the borrower's gender.

Based on the findings of this review:

- SJNB satisfactorily complies with fair lending laws.
- We found no evidence of disparate treatment being applied on a prohibited basis; no violations of fair lending laws were cited.
- SJNB has a satisfactory process in place to help ensure ongoing compliance with fair lending laws.

Conclusions with Respect to Performance Tests

LENDING TEST

SJNB's performance under the Lending Test is rated Low Satisfactory. We focused on SJNB's small business lending because this is the bank's primary market niche. Since small business lending is an identified need in this assessment area, SJNB's performance in this product line carries significant weight. The bank's volume of community development loans enhances its lending performance.

- SJNB's small business and community development lending volume is good.
- SJNB's geographic distribution of small business loans is excellent.
- SJNB's distribution of small business loans by size of business is poor.

Lending Activity

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

SJNB originated 267 reportable small business and community development loans in the assessment area during the evaluation period. In 1998, SJNB's market rank in its assessment area for small business loans, its primary product, was 16th. This compares favorably to its market rank for deposits, which was 20th. However, the bank's market share of the number of small business loans of .7% does not compare favorably to its share of deposits in San Jose, which was 1.09%. Two of the largest volume small business lenders in the assessment area are credit card companies that do not take FDIC insured deposits. This tends to somewhat distort the bank's loan market share downward in comparison to its deposit market share.

The bank's loan-to-deposit percentage was above 80 percent for the last four available reporting periods, ending June 30, 1999. That is a comparatively high percentage for banks in Santa Clara County with total assets of less than \$1 billion. These statistics indicate that the bank is generating a large volume of loans but not a large volume of loans in amounts of \$1 million or less (reportable CRA small business loans). This performance is somewhat enhanced by community development lending totaling \$1.125 million. In total, these statistics indicate that, in relation to its size and capacity, SJNB is relatively effective at reinvesting deposit funds into lending products that community groups inform us are important to its community.

Small Business Loans

Four large financial service providers dominate small business lending activity, by number of loans made, in this assessment area. SJNB is not in that group. Together, the four dominant lenders held almost 70 percent of reported loans (those in amounts of \$1 million or less) in 1998. Performance expectations for SJNB's small business lending activity should be framed in this context.

Distribution of Loans by Income Level of the Geography

Refer to Table 5 in Appendix C for the facts and data used to evaluate the distribution of loans by income level of the geography.

The geographic distribution of small business loans is excellent. This conclusion is supported by SJNB's success in generating a pattern of loan activity that closely approximates or exceeds the demographic distribution of businesses in low- and moderate-income geographies. The percentage of small business loans made to borrowers in low-income geographies is close to the percentage of businesses located in those geographies. This indicates good lending performance in low-income geographies. In moderate-income geographies, the percentage of the bank's loans made to businesses significantly exceeds the percentage of businesses located in those geographies. In fact, SJNB reached a higher percentage of the businesses located moderate-income geographies than it reached in any other type of geography, including middle and upper

Market share analysis further supports a conclusion that the bank is highly responsive to the need for small business loans in less affluent areas. The bank's market share of small business loans to borrowers in low- income geographies is equal to its overall market share. The bank is located in a moderate-income census tract and, in moderate-income geographies, its market share is significantly higher than its overall market share of small business loans. Within the context of the highly competitive banking environment in the assessment area, this indicates that SJNB was very successful in reaching business located in low- and moderate-income geographies.

An analysis of SJNB's small business lending activity for conspicuous gaps is difficult when comparing the 264 loans made by the bank to the 385 census tracts in its assessment. However, the bank penetrated 55 percent of the low-income census tracts in the assessment area, 51 percent of the moderate-income tracts, 30 percent of the middle-income tracts, and 21 percent of the upper-income tracts. Hence, we did not identify any pattern of lending that arbitrarily excluded low- and moderate-income segments of the delineated community.

Distribution of Loans by Income Level of the Borrower

Refer to Table 10 in Appendix C for the facts and data used to evaluate the distribution of loans by income level of the borrower.

The distribution of small business loans by size of business is poor. SJNB's percentage of small

business loans made to businesses with revenues of \$1 million or less of 33.7% is significantly below the aggregate percentage for all other reporting lenders in the assessment area of 46.2%. It indicates that only one third of the bank's reported small loans went to businesses with revenues of \$1 million or less. In addition, the bank's lending activity fell well below the demographic for that size of business in the assessment area, 72%. This is partially mitigated by the fact that four large financial service providers dominate the market and SJNB is one of many relatively small lenders in that market. However, aggregate data does not indicate that lenders are reaching a high percentage of the small businesses and SJNB performed less favorably than the market. SJNB's inability to at least approximate the aggregate percentage attained by all other reporting lenders, demonstrates that many of SJNB's niche borrowers are businesses that are larger than those that fall under the CRA definition of small business. It also indicates that the bank has been less focused than its competitors on lending to businesses with revenues less than \$1million.

Only a little more than half of SJNB's small business loans were in amounts of \$100,000 or less. To the extent that the size of a loan is indicative of the size of the business, SJNB did an adequate job of distributing its small business loan products to fairly small businesses.

SJNB's market share of small business loans made to firms with revenues of \$1 million or less fell well below its overall market share for all small business loans. This is another indication that the bank did not focus a proportional amount of effort towards satisfying the credit needs of businesses with revenues less than \$1 million.

Community Development Lending

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

SJNB's level of community development lending in the San Jose MSA 7400 is adequate and enhances the bank's overall lending volume. The funds were used primarily to support a lending consortium that provides funding for affordable housing project throughout California including San Jose. However, no projects have occurred in San Jose to date. In addition, the bank made qualifying community development loans to support another affordable housing project and an agency providing community services directed to low- and moderate-income individuals. These community development loans directly effect the San Jose MSA 7400. All of these loans were responsive to the community's needs that include affordable housing and community services. The total of these types of loans equals 3.8 percent of the bank's Tier 1 Capital.

Lending Inside Versus Outside of the Assessment Area

The majority of CRA reportable loans made by the bank were made in its assessment area. Fully 90% of the small business loans and all of the CD loans were to borrowers in Santa Clara County. This demonstrates an excellent focus on serving the credit needs of the assessment area.

INVESTMENT TEST

Conclusions

The bank's performance under the Investment Test is rated Low Satisfactory. Based on our review, the bank's performance in the San Jose MSA 7400 is adequate.

Refer to Table 12 in Appendix C for the facts and data used to evaluate SJNB's level of qualified investments.

- SJNB has an adequate level of qualified community development investments.
- SJNB qualified community development related investments are responsive to credit and community economic development needs in its assessment area.

SJNB's level and nature of community development investments reflect an adequate responsiveness to community needs. As shown in Table 12 in Appendix C, SJNB invested a relatively small amount in this assessment area during the evaluation period. SJNB had no prior period community development investments. The San Jose MSA has many opportunities for community development investment. However, numerous financial institutions (some much larger than SJNB) and other entities compete for opportunities in the San Jose MSA. In addition, prior to the 1999 evaluation period, SJNB was considered small for CRA purposes and did not have an obligation to make community development investments. In this context, SJNB achieved adequate results.

During the evaluation period, SJNB made a total of \$469,462 in qualified investments that included \$23,106 in grants or donations. While this is a relatively modest 1.6 percent of the bank's net Tier 1 Capital, SJNB targets its community development investments and grants primarily toward identified community development needs. SJNB invested \$410,000 in a limited partnership that owns a multifamily affordable housing property. This investment provides the bank with low-income housing tax credits. In addition, SJNB invested \$36,356 in an organization that directs a small business lending pool. That organization used the funds as loan proceeds for micro business loans to individuals who are not yet bankable. In addition, SJNB provided funds for nonprofit organizations that are responsive to community service needs of low- and moderate-income individuals and to an organization that rehabilitates homes for low-income individuals, particularly those that disabled or elderly.

SERVICE TEST

Conclusions

The bank's performance under the Service Test is rated Outstanding. Based on our review, the bank's performance in Santa Clara County is excellent.

- SJNB's banking services are readily accessible to geographies and individuals of different income levels in its assessment area, including low- and moderate- income geographies and individuals.
- Branch openings did not adversely impact the accessibility of the bank's delivery systems, particularly to low- and moderate- income individuals. SJNB did not close any offices during the evaluation period.
- Bank services are tailored to the needs of the assessment area, and do not vary in a way that would inconvenience portions of the assessment area, particularly low- and moderate- income individuals or geographies.
- SJNB is a leader in providing community development services.

Retail Banking Services

Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of SJNB's branch and ATM delivery system.

SJNB's San Jose office is accessible to commercial customers within the assessment area and is located in a moderate-income geography. In addition to the bank's checking and savings account products, the bank targets a very wide range of products to small businesses. SJNB offers payroll services, lockbox, sweep account, and Homeowners Association services. The bank's credit products include accounts receivable financing, SBA 7(A) and SBA 504 loans, construction loans, real estate lending for commercial properties and residential developments, term loans, merchant bancard, preferred plus business lines of credit, letters of credit, unsecured lines of credit, standard accounts receivable lines of credit, and formal accounts receivable lines of credit. In addition, SJNB offers direct and vendor equipment leasing as well as factoring lines for borrowers that otherwise may not qualify for credit. The bank's business hours are reasonable and structured to accommodate customer needs.

Community Development Services

SJNB provides services that are responsive to the community needs of the assessment area, particularly to the needs of small businesses and low- to moderate-income individuals. These services include providing technical assistance and bank operational services to nonprofit organizations that target

services to small business lending, affordable housing, community revitalization, and community development. SJNB acts in a leadership role in its relationship with a small business lending consortium. The following are examples of these services:

- A lending consortium that makes loans and provides technical assistance to established small businesses in Santa Clara and San Mateo Counties. A bank officer is a board member of the organization and provides lending expertise to the organization. SJNB has assumed a leadership position among financial institutions and provides not only technical assistance to the consortium but also handles their loan servicing function free of charge for their portfolio of 63 loans totaling \$879,000.
- An organization that provides financing to small businesses in conjunction with private lenders. A bank officer provides lending expertise to this group.
- A nonprofit organization that provides lending services to low- income families. A bank officer sits on the loan review committee of this organization. The bank also provides servicing on the loans.
- A nonprofit organization that provides shelter and teaches life skills to low- and moderate-income families. A bank officer is a council member of the organization and serves on the program and property committees. The bank officer is involved in fund raising and training.
- A nonprofit organization that assists individuals with developmental disabilities. These individuals are normally adults who receive government assistance. An officer of the bank serves as a trustee for the foundation. The officer also serves on the Finance Committee and the Public Relations committee within the Board and provides technical assistance.
- A bank officer is a member of a city council and provides expertise in lending and banking to the council. The officer sits on committees that are responsible for developing small business opportunities in the city and revitalizing and rehabilitating low- and moderate-income sections of the city.
- A bank officer made presentations at schools about banking and career experience and conducted Project Banking Classes teaching children how to use and balance a checkbook. The schools were located in low- and moderate-income areas with the majority of students coming from low-income areas.
- A bank officer provided one-on-one counseling to small business owners and manned a booth at a government agency's information forum on "Successful Strategies for Small Business". The agency provides services to assist small business owners.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test: 1/1/97 to 12/31/98 Investment Test: 1/24/97 to 10/25/99 Service Test: 1/24/97 to 10/25/99	
Financial institution	Products reviewed	
San Jose National Bank San Jose, California	Small Business	
Affiliates	Affiliate relationship	Products reviewed
None	None	None
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
California San Jose #7400	Full-Scope	

Appendix B: Market Profile

San Jose MSA 7400

Demographic Information for San Jose MSA 7400						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	385	2.9	15.3	41.3	18.2	22.3
Population by Geography	1,497,577	3.9	21.2	54.7	20.2	0.0
Owner-Occupied Housing by Geography	307,324	1.4	13.8	57.2	27.6	0.0
Businesses by Geography	67,418	6.3	24.0	51.0	18.5	0.0
Farms by Geography	1,150	3.9	22.3	51.8	22.0	0.0
Family Distribution by Income Level	364,307	18.7	18.7	24.0	38.6	0.0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	136,254	6.3	30.2	53.2	10.4	0.0
Median Family Income	= \$53,771	Median Housing Value				= \$295,613
HUD Adjusted Median Family Income for 1998	= \$82,600	State Unemployment Rate June, 1999				= 3.3%
Households Below the Poverty Level	= 6.0%					

Source: 1990 Census and 1998 HUD updated MFI

SJNB has its main office and strongest presence in this assessment area. The assessment area provides SJNB with more than 75 percent of its loans and nearly 84 percent of its deposits. During the evaluation period, more than 86 percent of its reported CRA lending was to businesses located in the San Jose MSA 7400. SJNB's only other office opened in 1998 and is not in this assessment area.

Competition is strong with 52 institutions in Santa Clara County competing for customer deposits. SJNB had 1.09 percent of total deposits available in the county as of June 30, 1998. Major banking institutions include Bank of America, Wells Fargo Bank, Silicon Valley Bank, Washington Mutual Bank, and several others. SJNB considers Cupertino National Bank and Heritage Bank of Commerce to be similar to SJNB.

The San Jose MSA 7400 includes all of Santa Clara County, the fifth largest county in California. According to the 1990 census, the 385 census tracts that comprise the San Jose MSA 7400 had a population of 1,497,577. By January 1, 1997 the county's population had risen more than 10 percent to 1,653,100. The area encompasses "Silicon Valley" which is home to numerous businesses in the information technology industry. The assessment area's economy is robust. Major industries in the area are manufacturing (including information technology), services (including business services), and retail trade. The unemployment rate in Santa Clara County was only 3.3 percent in May 1999. The area has

nearly 5,500 information technology firms, and approximately 25 percent of the area's workers are directly employed in information technology industries. Santa Clara County ranks seventh in California and thirty-first in the nation in total retail sales. The county is third in the nation in median household effective buying income.

Individuals in the community knowledgeable about community credit needs identified the area's major credit needs as affordable housing and small business lending.

Appendix C: Standard Tables

Content of Standard Tables

A separate set of tables is provided for each state and multistate metropolitan area. The tables cover the entire CRA evaluation period. 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; market rank is based on the number of loans made by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated by the bank as a percentage of the aggregate number of reportable loans originated by all lenders in the MSA/assessment area. The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated 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 rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of HMDA Home Improvement Loan Originations**
- Table 4. Geographic Distribution of HMDA Refinance Loan Originations**
- Table 5. Geographic Distribution of Small Business Loan Originations** - The percentage distribution of the number of small loans (<\$1 million) to businesses originated 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 rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Farm Loan Originations** - The percentage distribution of the number of small loans (<\$500,000) to farms originated 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 rank and market share information based on the most recent aggregate market data available.

- Table 7. Borrower Distribution of HMDA Home Purchase Loan Originations** Compares the percentage distribution of the number of loans originated by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of HMDA Home Improvement Loan Originations**
- Table 9. Borrower Distribution of HMDA Refinance Loan Originations**
- Table 10. Borrower Distribution of Small Business Loan Originations** - Compares the percentage distribution of the number of small loans (<\$1 million) originated 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. The table also presents the percentage distribution of the number of loans originated 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 11. Borrower Distribution of Small Farm Loan Originations** - Compares the percentage distribution of the number of small loans (<\$500 thousand) originated 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. The table also presents the percentage distribution of the number of loans originated 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 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area.
- Table 13. Distribution of Branch and ATM Delivery System** - Compares the percentage distribution of the number of the banks retail branches and ATMs in low-, moderate-, middle- and upper-income geographies to the percentage of the population within each geography.

Charter Number 17315

Table 1. Lending Volume

LENDING VOLUME State: CALIFORNIA Evaluation Period: JANUARY 1, 1997 to DECEMBER 31, 1998												
MSA /Assessment Area	% of Total bank Deposits in Rated Area	Home Mortgage		Small Business		Small Farms		Community Development*		Total Reported Loans		% of Total reported Bank Loans in Rated Area
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Scope:												
San Jose MSA 7400	100.0	0	0	264	44,493	0	0	3	1,125	267	45,618	100.0

(*) Based on information from January 24, 1997 through October 4, 1999.

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Table 2. Geographic Distribution of Home Purchase Loan Originations

Geographic Distribution: HOME PURCHASE State: CALIFORNIA Evaluation Period: JANUARY 1, 1997 to DECEMBER 31, 1998																
MSA /Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
San Jose MSA 7400	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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Table 3. Geographic Distribution of Home Improvement Loan Originations

Geographic Distribution: HOME IMPROVEMENT State: CALIFORNIA Evaluation Period: JANUARY 1, 1997 to DECEMBER 31, 1999																
MSA /Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Improvement Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
San Jose MSA 7400	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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Table 4. Geographic Distribution of Home Mortgage Refinance Loan Originations

Geographic Distribution: HOME MORTGAGE REFINANCE State: CALIFORNIA Evaluation Period: JANUARY 1, 1997 to DECEMBER 31, 1998																
MSA /Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Mortgage Refinance Loans	
	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
San Jose MSA 7400	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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Table 5. Geographic Distribution of Small Business Loan Originations

Geographic Distribution: SMALL BUSINESS State: CALIFORNIA Evaluation Period: JANUARY 1, 1997 to DECEMBER 31, 1998																
MSA /Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
San Jose MSA 7400	6.3	5.7	24.0	46.2	50.1	39.8	18.5	8.3	16	0.7	0.7	1.6	0.4	0.3	264	100.0

(*) Based on 1998 Aggregate Small Business Data only.

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Table 6. Geographic Distribution of Small Farm Loan Originations

Geographic Distribution: SMALL FARM State: CALIFORNIA Evaluation Period: JANUARY 1, 1997 to DECEMBER 31, 1998																
MSA /Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Farm Loans	
	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
San Jose MSA 7400	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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Table 7. Borrower Distribution of Home Purchase Loan Originations

Borrower Distribution: HMDA HOME PURCHASE State: CALIFORNIA Evaluation Period: JANUARY 1, 1997 to DECEMBER 31, 1998																
MSA /Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank	Market Share by Borrower Income					Total Home Purchase Loans	
	% of Families	% BANK Loans	% of Families	% BANK Loans	% of Families	% BANK Loans	% of Families	% BANK Loans		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
San Jose MSA 7400	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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Table 8. Borrower Distribution of Home Improvement Loan Originations

Borrower Distribution: HOME IMPROVEMENT State: CALIFORNIA Evaluation Period: JANUARY 1, 1997 to DECEMBER 31, 1998																
MSA /Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank	Market Share by Borrower Income					Total Home Improvement Loans	
	% of Families	% BANK Loans	% of Families	% BANK Loans	% of Families	% BANK Loans	% of Families	% BANK Loans		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
San Jose MSA 7400	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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Table 9. Borrower Distribution of Home Mortgage Refinance Loan Originations

Borrower Distribution: HOME MORTGAGE REFINANCE State: CALIFORNIA Evaluation Period: JANUARY 1, 1997 to DECEMBER 31, 1998																
MSA /Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank	Market Share by Borrower Income					Total Home Mortgage Refinance Loans	
	% of Families	% BANK Loans	% of Families	% BANK Loans	% of Families	% BANK Loans	% of Families	% BANK Loans		Overall	Low	Mod	Mid	Upper	#	% of Total
Full Scope:																
San Jose MSA 7400	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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Table 10. Borrower Distribution of Small Business Loan Originations

Borrower Distribution: SMALL BUSINESS State: CALIFORNIA Evaluation Period: JANUARY 1, 1997 to DECEMBER 31, 1998												
MSA /Assessment Area	Business with Revenues of \$1 million or less			Loans by Original Amount regardless of Business Size			Market Share****		Total Small Business Loans			
	% of Businesses*	% BANK Loans**	% Market Loans***	\$100,000 or Less	>\$100,00 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size (\$000)	
Full Scope:												
San Jose MSA 7400	72.5	33.7	46.2	58.0	21.6	20.5	0.7	0.4	264	100.0	168	

(*) As a percentage of businesses with known revenues.

(**) As a percentage of loans with revenue information available. No information was available for 1.1% of loans originated by SJNB.

(***) The market consists of all other Small Business reporters in SJNB's assessment area and is based on 1998 Aggregate Small Business Data only.

(****) Based on 1998 Aggregate Small Business Data only.

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Table 11. Borrower Distribution of Small Farm Loan Originations

Borrower Distribution: SMALL FARM State: CALIFORNIA Evaluation Period: JANUARY 1, 1997 to DECEMBER 31, 1998												
MSA /Assessment Area	Farm with Revenues of \$1 million or less			Loans by Original Amount regardless of Farm Size			Market Share		Total Small Farm Loans			
	% of Farms*	% BANK Loans	% Market Loans	\$100,000 or Less	>\$100,00 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less	#	% of Total	Avg Loan Size	
Full Scope:												
San Jose MSA 7400	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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Table 12. Qualified Investments

QUALIFIED INVESTMENTS State: CALIFORNIA Evaluation Period: JANUARY 1, 1997 to DECEMBER 31, 1998									
MSA /Assessment Area	Prior Period Investments*			Current Period Investments			Total Investments		
	#	\$ (000's)	%**	#	\$ (000's)	%**	#	\$ (000's)	% of Total \$'s
Full Scope:									
San Jose MSA 7400	0	0	0.0%	21	469	100.0%	21	469	100.0%

(*) "Prior Period Investments" means investments made in a previous evaluation period that remain outstanding.

(**) Percentage of the dollars invested in that MSA/Assessment Area that are prior period investments or current period investments.

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Table 13. Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH AND ATM DELIVERY SYSTEM State: CALIFORNIA Evaluation Period: JANUARY 1, 1997 to DECEMBER 31, 1998																		
MSA /Assessment Area	Deposit s	Branches						ATMs						Population				
	% of Total BANK Deposit s	# of BANK Branch es	% of Total BANK Branch es	Location of Branches by Income of Geographies				# of BANK ATMs	% of Total BANK ATMs	Location of ATMs by Income of Geographies				% of the Population within Each Geography				
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp	
Full Scope:																		
San Jose MSA 7400	100.0	1	100.0	0.0	100.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	3.9	21.2	54.7	20.8

(*) June 30, 1998 Deposit figures from FDIC records.

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Table 14. Geographic and Borrower Distribution of Consumer Loan Originations

Geographic and Borrower Distribution: CONSUMER LOANS State: CALIFORNIA Evaluation Period: JANUARY 1, 1997 to DECEMBER 31, 1999																			
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 Pop*	% Bank Loans	% of Pop	% Bank Loans	% of Pop*	% Bank Loans	% of Pop*	% Bank Loans	% of Hshlds	% BANK Loans	% of Hshlds	% BANK Loans	% of Hshlds	% BANK Loans	% of Hshlds	% BANK Loans			
Full Scope:																			
San JoseMSA 7400	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A