



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

June 21, 2004

# **Community Reinvestment Act Performance Evaluation**

**Sonoma National Bank  
Charter Number: 18542**

**801 Fourth Street  
Santa Rosa, CA 95404**

**Office of the Comptroller of the Currency**

**San Francisco Field Office  
One Front Street, Suite 1000  
San Francisco, CA 94111**

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

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## Overall CRA Rating

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

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

<b>Performance Levels</b>	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
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 originated a low volume of home mortgage loans and an excellent volume of small business loans within the assessment area. The geographic distribution of small business loans is excellent. The distribution of small business loans to businesses with revenues less than \$1million is excellent. Community development lending performance is also excellent.
- The bank has an overall adequate level of investment, grants, and donations that are responsive to the housing needs of low- and moderate-income families. None of the investments are complex or innovative.
- The bank has a good distribution of branches that are accessible to geographies and individuals of different income levels. The bank also provides an excellent level of community development services that are responsive and supportive of community development needs in the assessment area.

## Definitions and Common Abbreviations

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

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

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

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

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also

include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male household and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

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

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

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

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

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

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

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

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

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

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

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

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

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

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

## Description of Institution

Sonoma National Bank (SNB) is a national bank chartered in 1985. The bank is headquartered in the city of Santa Rosa, California, which is in Sonoma County. The bank is wholly owned by Northern Empire Bancshares, a publicly owned corporation. SNB does not have any affiliates.

As of the bank's March 31, 2004 Consolidated Report of Income and Condition, total assets were \$904 million, total deposits were \$691 million, and Tier 1 Capital was \$69 million. SNB has seven branch offices serving Sonoma County. Branches are located in the communities of Santa Rosa, Petaluma, San Rafael, Sebastopol, Sonoma, and Windsor. The bank does not own or operate any ATMs.

SNB is a full-service bank offering a variety of loan and deposit products. The bank is best known for its business banking operations offering Small Business loans, Commercial Real Estate loans, and Residential Construction loans. As of March 31, 2004, total loans were \$785 million or 87 percent of total assets. The loan portfolio consists of real estate loans (97 percent) and commercial loans (2 percent).

There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of the communities it serves. The bank was not involved in any mergers or acquisitions during the evaluation period.

SNB was rated "Satisfactory" at its last CRA evaluation, dated November 2, 1999, in which the bank was evaluated using the small bank evaluation standards.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

Our evaluation considered SNB's small business lending activities from January 1, 2000 to December 31, 2003. We reviewed HMDA reportable loans from January 1, 2000 to December 31, 2003. The evaluation period for community development lending, investment, and services include all activities since the last CRA Performance Evaluation through June 21, 2004. Refer to Appendix A for additional details of the examination scope.

### Data Integrity

We performed a data integrity examination in June of 2003 to determine the accuracy of the bank's small business lending data that we used for this evaluation. We also reviewed all community development loans, CRA investments, and service activities to determine if each activity has community development as its primary purpose. Based on our sampling, we did not identify any significant errors. Management's review process is adequate.

### Selection of Areas for Full-Scope Review

We performed a full-scope review of the Santa Rosa MSA. SNB designated the Santa Rosa MSA (Sonoma County) as its assessment area. This area accounts for a majority of the bank's loans and deposits. The assessment area comprises 60 census tracts. Demographic information used in this evaluation is based on the 1990 U.S. Census figures for the period from January 1, 2000 to December 31, 2002. We also used the 2000 U.S. Census figures for the period from January 1, 2003 to December 31, 2003.

### Ratings

SNB's overall rating is based on performance in the Santa Rosa MSA. In arriving at the bank's overall record of performance, we evaluated activities under the Lending, Investment, and Service Tests in this area. The rating method is structured such that the Lending Test weighs more heavily in the final determination than the Investment and Service Tests. In the area of HMDA lending, we gave the greatest weight to home purchase and home refinance loans due to the higher volume relative to home improvement loans. Additionally, home purchase and home refinance lending has a direct impact on new affordable housing lending. We also considered community development lending under the Lending Test. Community development lending volume, including any community development loans that were complex or innovative, can only enhance the bank's rating under the Lending Test.

### Other

We considered information obtained from community contacts that the OCC and other federal financial institution regulators conducted. These interviews were with local organizations that are involved in small business lending, affordable housing, and redevelopment and revitalization of economically depressed communities in the assessment area. The most pressing needs that the organizations identified included financing for the construction and rehabilitation of affordable housing units in low-income neighborhoods. Specific loan programs needed are 30-year fixed mortgages with more flexible qualification requirements, i.e., higher debt-to-income ratio loan products for first time homebuyers. In



addition, funding for housing, temporary shelter facilities, and supportive services for the homeless continue to be in need. We contacted two groups in the community. One was the local Chamber of Commerce and the other was a community based non-profit low-income housing development office. Both entities commented favorably regarding the support of the community banks in Sonoma County. The support from SNB included innovative loan products, corporate volunteering, and donations.

## Fair Lending Review

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

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

##### 2000 through 2002

The bank's performance under the lending test is rated "High Satisfactory". This is based on the following factors:

- The bank's home mortgage performance is poor considering the volume of home mortgage loans and is excellent considering the volume of small business loans within the assessment area.
- The geographic distribution of small business loans is excellent. The distribution of small business loans to businesses with revenues less than \$1 million is adequate.
- The overall distribution of the bank's home mortgage loans by geography is adequate.
- Community development lending performance is excellent, which has a positive impact on the overall lending test rating. The bank has been highly responsive to the affordable housing needs of the area.

##### 2003

The bank's performance under the lending test is rated "High Satisfactory." This is based on the following factors:

- The bank's home mortgage performance is poor considering the volume of home mortgage loans and is excellent considering the volume of small business loans within the assessment area.
- The geographic distribution of small business loans is excellent. The distribution of small business loans to businesses with revenues less than \$1 million is good.
- The overall distribution of the bank's volume of home mortgage loans by geography is adequate.
- Community development lending performance is excellent, which has a positive impact on the overall lending test rating. The bank has been highly responsive to the affordable housing needs of the area. The bank played a significant role in obtaining grants from the Federal Home Loan Bank of San Francisco (FHLB) and the U.S. Department of Agriculture (USDA) for affordable housing projects in the bank's assessment area.

## **Lending Activity**

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

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

### **Home Mortgage Loans and Small Business 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.

### **2000 through 2002**

The bank originated a low number of home mortgage loans in the Santa Rosa MSA assessment area. During the evaluation period, the bank originated 77 home mortgage loans totaling \$35 million (38 home purchase, 7 home improvement loans, 13 home mortgage refinance loans, and 19 multifamily loans). In aggregate, the overall market share of the number of home mortgage loans was under one percent, compared to its overall market share of deposits of 7.93 percent. The bank ranked 140<sup>th</sup> out of the 468 home mortgage lenders in the assessment area for home mortgage loan activity. SNB's business strategy results in the bulk of its real estate lending in commercial construction. Its primary emphasis for home mortgage loans is the development of multifamily housing, particularly for community development.

The bank's performance is excellent considering the volume of small business loans originated in the Santa Rosa MSA assessment area. SNB originated 425 small business loans totaling \$98 million. The bank ranked in the top three out of seventy small business lenders in 2000 and ninety-five small business lenders in 2002. The bank ranked sixth for deposits by dollar volume in the Santa Rosa MSA as of December 31, 2002. Its market share of the number of small business loans in 2000 through 2002 was 0.84 percent and 7.59 percent by dollar. This compares to its overall market share of deposits of approximately 8 percent for each of the three years. SNB's average loan size for small business loans is large at \$230 thousand compared with the average of \$26 thousand for all lenders. In the Santa Rosa MSA assessment area, two large financial service providers dominate the market in numbers of small business loans made. The two lenders, which primarily provide credit card loans to businesses, had 37 percent of the market share. During this review period, the bank originated a relatively high level of community development loans, which are highly responsive to the affordable housing and community service needs of the assessment area.

### **2003**

The bank originated a low number of home mortgage loans in the Santa Rosa MSA assessment area. During this time period, the bank originated 23 home mortgage loans. Since the number of mortgage loans is so low, the weight we applied to this product for this time period is also low.

The bank originated an excellent volume of small business loans in the Santa Rosa MSA assessment area. SNB originated 151 small business loans totaling \$42 million. The rankings for the peer banks are not available since this information has not been published yet. SNB's average loan size for small business loans is large at \$278 thousand compared with prior year's averages.

## **Lending Gap Analysis**

We did not note conspicuous gaps in lending or areas with abnormally low loan penetration that could not be adequately explained. The bank's percentages of home purchase loans in geographies of different income levels are generally consistent with the percentages of owner-occupied units in geographies of different income levels. For example, moderate-income tracts contained 7.03 percent of the area's owner occupied housing while receiving 47.37 percent of home purchase loans, 28.57 percent of the home improvement loans, and 38.46 percent of the home refinance loans. Tracts with little or no loan penetration were either located in outlying areas of the assessment area, in which other financial institutions served them, or they contained very few owner-occupied housing units.

### **Inside/Outside Ratio**

The bank's lending activity within its assessment area is adequate. From January 1, 2000 to December 31, 2002, SNB originated 49 percent inside the assessment area totaling \$457 million and 51 percent outside the area totaling \$287 million. Since the community needs are met and competition is strong in the area, this mitigates the low inside to outside ratio.

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

### **Home Mortgage Loans**

#### **2000 through 2002**

SNB's business strategy results in the bulk of its real estate lending in commercial construction and term real estate loans. Only 77 home mortgage loans were made during this evaluation period. The distribution of home mortgage loans to borrowers of different income levels is poor.

The distribution of home purchase loans to low- and moderate-income borrowers is poor. Of the bank's home purchase loans, 8 percent and 6 percent (by count) went to low- and moderate-income applicants, respectively; while low- and moderate-income families make up 17.10 percent and 19.09 percent of total families, respectively. The market profile table shows that median housing value for the assessment area was \$205,923. The HUD adjusted median family income for 2002 is \$63,400, while median family income is \$41,961.

A distribution analysis of multifamily loans by income level of the borrower was not meaningful, based on the fact that the borrowers for these loans were the developers, not the ultimate buyers or tenants, of the subject units. However we did take into account that the bank worked to fund projects for low- and moderate-income families.

The distribution of home refinance loans to low- and moderate-income borrowers is adequate. Of the bank's home refinance loans, 0 percent and 11 percent (by count) went to low- and moderate-income applicants, respectively; while low- and moderate-income families make up 17.10 percent and 19.09 percent of total families, respectively. The market profile table shows that median housing value for the assessment area was \$205,923. The HUD adjusted median family income for 2002 is \$63,400, while median family income is \$41,961.

A distribution analysis of home improvement loans to low- and moderate-income borrowers was not meaningful, based on the low volume of only seven loans during this evaluation period. None of these loans was made to low- or moderate-income borrowers.

### **Small Loans to Businesses**

The bank has an adequate record of lending to small businesses that have revenues of less than \$1 million. In the Santa Rosa MSA, 60.71 percent of the bank's number of small business loans was to businesses with revenues of less than \$1 million. Demographics show that that 73.13 percent of the small businesses in the assessment area have revenues of less than \$1 million.

### **Community Development Lending**

#### **2000 through 2002**

The bank generated an excellent level of community development loans during this evaluation period, which has a positive influence on the overall Lending Test rating. During this evaluation period, the bank originated eleven community development loans within the Santa Rosa MSA assessment area totaling \$7.6 million. As of December 31, 2002, the bank's Tier I Capital totaled \$53.4 million. Community development loans in the assessment area represented 24 percent of Tier I Capital.

These community development loans enabled the bank to be highly responsive to community needs, particularly for affordable housing. All of the community development loans were for the development, acquisition, or refinance of 343 affordable housing units in multifamily or single family configurations within the assessment area. The two largest loans are described below:

- The largest community development loan is \$3.3 million to a private partnership to refinance a 59-unit multifamily rental project in Santa Rosa. The loan promoted the continuation of multifamily housing at below-market rents in a moderate-income census tract in the assessment area.
- The next largest community development loan is \$1.9 million to a private developer to refinance a 54-unit multifamily rental project in Cotati. The property includes 19 units without kitchens, supported by five community kitchens. The loan promoted the continuation of multifamily housing for low-income tenants in a moderate-income census tract in the assessment area.

#### **2003 and 2004**

The bank generated a poor level of community development loans during this evaluation period, which has a neutral influence on the overall Lending Test rating. During 2003, the bank originated one community development loan within the Santa Rosa MSA assessment area for \$200,000. As of March 31, 2004, the bank's Tier I Capital totaled \$69.2 million. The community development loan in the assessment area represented 0.3 percent of Tier I Capital.

The community development loan enabled the bank to be slightly responsive to community needs. The \$200,000 loan was to the California Program for the Autistic, a non-profit borrower, to purchase a Santa Rosa residence that the organization uses to provide housing and social services to a group of disabled autistic adults.

## **Product Innovation and Flexibility**

Sonoma National Bank offered innovative or flexible loan products that enhanced its ability to meet the credit needs of low- or moderate-income individuals or geographies. This innovation is represented by the effort to offer loans for single family and multifamily projects, when the bank's real estate lending is primarily for commercial real estate borrowers with stronger financial resources. Also, the bank's significant market share as an SBA lender enables it to provide commercial loans that revitalize local economies inside and outside the bank's assessment area.

## **INVESTMENT TEST**

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 "Low Satisfactory." This is based on the following factors:

- The volume of investments is poor relative to the capacity of the bank to invest.
- The bank is adequately responding to the economic development needs of the community through donations.

While one investment benefited the low- to moderate-income community in the bank's assessment area, the volume is low. This is offset by the bank's donations relative to the size of the bank and the high loan to deposit ratio limiting the bank's ability to make community development investments.

### **Dollar amount of qualified investments**

Sonoma National Bank's volume of qualified investments in its assessment area is low. Since the previous evaluation, the bank made one qualified investment totaling \$100,000. There were no qualified investments at the prior examination. The bank made donations of \$219,000. Total investments and donations since our last examination were \$319,000 or 0.46 percent of March 31, 2004 Tier 1 Capital. For year-to-date 2004, the total investments are \$132,000 or 0.19 percent of March 31, 2004 Tier 1 Capital.

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

A review of the CRA performance evaluations for other local banks, information solicited from community contacts, as well as examiners' knowledge of the community confirms that investment opportunities available within the assessment area are adequate. Sonoma NB's investment in the Burbank Housing Community Investment Fund is responsive to the needs of the community. The offering was made on April 14, 2004, for \$2 million in privately placed securities. The Burbank Housing Development Corporation (BHDC), a non-profit organization, was formed July 31, 2003, for the purpose of developing qualified, non-profit affordable housing in Sonoma County, California. The BHDC uses the investments as a steady source of working capital to fund their projects.



## **SERVICE TEST**

The bank's performance under the Service Test is rated "High Satisfactory." This is based on the following factors:

- The branches and other alternative delivery systems are accessible to essentially all portions of the bank's assessment area.
- The addition of three branches, since the last evaluation, one in an upper and two in middle-income areas increases the accessibility of the bank services.

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.

- The bank has a good level of community development services.

## **Retail Banking Services**

### **Branch distribution**

The bank's branches are accessible to essentially the entire assessment area. Three branches were opened since the last Community Reinvestment Act Performance Evaluation and no branches were closed. The bank has four offices located in the middle of the county with two additional offices in the south and one in the north of the county. There are no low-income tracts in the bank's assessment area. The branches are spread out among the moderate, middle and upper-income census tracts. The bank's branch distribution is reasonable given the demographics in the area.

### **Alternate Delivery Systems**

The bank's retail services and alternate delivery systems are responsive to the needs of low- to moderate-income areas and individuals in the community. Alternate delivery systems include banking by telephone (Telebanc) and by computer (I Banc), direct deposit or electronic transfers (ACH), automated teller machine cards (the bank has no ATMs), check card, bank-by-mail, and overdraft protection. Several services that are geared toward small businesses include courier services, and a cash management tool to manage daily cash flow through a personal computer (ExecBanc System).

### **Community Development Services**

The bank has a good level of community development services that are responsive and supportive of the needs in the assessment area. Bank management encourages employees to participate in community activities. Most of the participants are senior bank employees who currently serve and/or had served in the role of board members, officers, instructors, financial and loan advisors, panel members, speakers and volunteers.

## 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): 1/01/00 to 12/31/03 Investment and Service Tests and CD Loans: 11/02/99 to 6/21/04	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Sonoma National Bank (SNB) Santa Rosa, California	Home mortgage loans, small business loans, CD loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Sonoma County #7500	Full Scope	
No limited scope assessment areas reviewed		NA

# Appendix B: Market Profiles for Full-Scope Areas

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

Sonoma County .....	B-2
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## Sonoma County Assessment Area

Demographic Information for Full Scope Area: Sonoma NB 2000 Census Demographic						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	86	0.00	13.95	73.26	12.79	0.00
Population by Geography	458,614	0.00	14.38	69.79	15.83	0.00
Owner-Occupied Housing by Geography	110,511	0.00	9.17	71.27	19.56	0.00
Business by Geography	33,336	0.00	17.55	68.89	13.56	0.00
Farms by Geography	1,507	0.00	6.70	81.29	12.01	0.00
Family Distribution by Income Level	113,645	17.73	18.87	24.32	39.08	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	41,594	0.00	18.30	71.16	10.54	0.00
Median Family Income		61,921	Median Housing Value		271,480	
HUD Adjusted Median Family Income for 2004		71,500	Unemployment Rate (2000 US Census)		2.8%	
Households Below Poverty Level		6.97%				

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

Source: 2000 US Census and 2004 HUD updated MFI

SNB's assessment area consists of the County of Sonoma, which is in the Santa Rosa MSA. The bank serves the assessment area with seven branches.

The bank's June 30, 2003 Consolidated Report of Income and Condition reported approximately \$615 million in total deposits received from Sonoma County. These deposits represent 89 percent of its total deposits. In addition, the bank originated/purchased a majority of its home mortgage, small business, small farm, and community development loans within this assessment area during the evaluation period.

Agriculture plays a vital role in the County's economy. Many areas are now in demand for housing development. Census data for 2000 showed a median housing value of \$271,000. However, according to the Santa Rosa Press Democrat, the median price of existing single-family homes exceeded the \$400,000 mark in April of 2003.

According to the Employment Development Department, Labor Market Information, the unemployment level for the MSA was estimated at 4.9 percent for 2003. Sonoma County's largest industries are services, retail trade, manufacturing, and government. Sonoma County has become one of the most important wine regions in the world and it attracts numerous tourists. The population for Sonoma County is approximately 450,000.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/AA. 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/AA.
- 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/AA. 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/AA. 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/AA.
- 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.

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

**Table 1. Lending Volume**

LENDING VOLUME												
Geography: SONOMA COUNTY												
Evaluation Period: January 1, 2000 TO DECEMBER 31, 2003												
MA/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>												
Sonoma NB 1/1/00 – 12/31/02	100.00	77	35,337	425	97,768	6	1,310	0	0	508	134,415	100.00
Sonoma NB 1/1/03 – 12/31/03	100.00	12	NA	151	41,941	4	649	2	666	169	43,256	100.00

\* Loan Data as of December 31, 2002 in first row and December 31, 2003 in second row. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From November 02, 1999 to December 31, 2002 in the first row and January 1, 2003 to June 21, 2004 in the second row.

\*\*\* Deposit Data as of December 31, 2002 in the first row and December 31, 2003 in the second row. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.



**Table 1. Other Products**

LENDING VOLUME		Geography: SONOMA COUNTY				Evaluation Period: NOVEMBER 2, 1999 TO DECEMBER 31, 2002								
MA/Assessment Area (2002):	% 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>														
Sonoma NB1/1/00 – 12/31/02	100.00	2	270	2	270	0	0	0	0	0	0	0	0	100.00
Sonoma NB 1/1/03 – 12/31/03	N/A	N/A	N/A	N/A	N/A	0	0	0	0	0	0	0	0	N/A

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

\*\* The evaluation period for Optional Product Line(s) is From November 02, 1999 to December 31, 2002.

\*\*\* Deposit Data as of December 31, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE		Geography: SONOMA COUNTY				Evaluation Period: NOVEMBER 2, 1999 TO DECEMBER 31, 2002						Market Share (%) by Geography *				
MA/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>																
Sonoma NB 1/1/00 – 12/31/02	38	100.00	0.00	0.00	7.03	47.37	73.42	47.37	19.55	5.26	0.00	0.00	0.00	0.00	0.00	
Sonoma NB 1/1/03 – 12/31/03	0	0.00	0.00	0.00	9.17	0.00	71.27	0.00	19.56	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on Peer Data is not available.

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

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

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

Geographic Distribution: HOME IMPROVEMENT		Geography: SONOMA COUNTY					Evaluation Period: NOVEMBER 2, 1999 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/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>																
Sonoma NB1/1/00 -12/31/02	7	100.00	0.00	14.29	7.03	28.57	73.42	42.86	19.55	14.29	0.00	0.00	0.00	0.00	0.00	
Sonoma NB 1/1/03 – 12/31/03	0	0.00	0.00	0.00	9.17	0.00	71.27	0.00	19.56	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on Peer Data is not available.

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

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: SONOMA COUNTY				Evaluation Period: NOVEMBER 2, 1999 TO DECEMBER 31, 2003					Market Share (%) by Geography <sup>*</sup>				
MA/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 <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans					
<b>Full Review:</b>															
Sonoma NB 1/1/00 - 12/31/02	13	100.00	0.00	0.00	7.03	38.46	73.42	53.85	19.55	7.69	0.00	0.00	0.00	0.00	0.00
Sonoma NB 1/1/03 – 12/31/03	0	0.00	0.00	0.00	9.17	0.00	71.27	0.00	19.56	0.00	0.00	0.00	0.00	0.00	0.00

<sup>\*</sup> Based on Peer Data is not available.

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

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

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

Geographic Distribution: MULTIFAMILY															Geography: SONOMA COUNTY					Evaluation Period: NOVEMBER 2, 1999 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>													
	#	% of Total <sup>**</sup>	% of MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Sonoma NB1/1/00 – 12/31/02	19	100.00	0.00	21.05	10.38	31.58	79.43	47.37	10.18	0.00	0.00	0.00	0.00	0.00										
Sonoma NB 1/1/03 – 12/31/03	0	0.00	0.00	0.00	29.86	0.00	65.54	0.00	4.60	0.00	0.00	0.00	0.00	0.00										

<sup>\*</sup> Based on Peer Data is not available.

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

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

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

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: SONOMA COUNTY					Evaluation Period: NOVEMBER 2, 1999 TO DECEMBER 31, 2002					Market Share (%) by Geography <sup>*</sup>				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans						
<b>Full Review:</b>																
Sonoma NB 1/1/00 – 12/31/02	425	100.00	0.00	8.00	15.12	36.71	69.70	43.06	15.18	12.24	0.00	0.00	0.00	0.00	0.00	
Sonoma NB 1/1/03 – 12/31/03	151	100.00	0.00	0.00	17.55	29.14	68.89	58.28	13.56	12.58	0.00	0.00	0.00	0.00	0.00	

<sup>\*</sup> Based on Aggregate Small Business Data Only.

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

<sup>\*\*\*</sup> Source Data - Dun and Bradstreet (2003).

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

Geographic Distribution: SMALL LOANS TO FARMS		Geography: SONOMA COUNTY					Evaluation Period: NOVEMBER 2, 1999 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/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>																
Sonoma NB 1/1/00 – 12/31/02	6	100.00	0.00	0.00	6.07	0.00	80.66	83.33	13.27	16.67	0.00	0.00	0.00	0.00	0.00	
Sonoma NB 1/1/03 – 12/31/03	4	100.00	0.00	0.00	6.70	0.00	81.29	75.00	12.01	25.00	0.00	0.00	0.00	0.00	0.00	

\* Based on Aggregate Small Farm 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.

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

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

Borrower Distribution: HOME PURCHASE		Geography: SONOMA COUNTY					Evaluation Period: NOVEMBER 2, 1999 TO DECEMBER 31, 2002					Market Share <sup>*</sup>				
MA/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 <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Sonoma NB1/1/00 – 12/31/02	38	100.00	17.10	5.56	19.09	8.33	25.39	2.78	38.42	83.33	0.00	0.00	0.00	0.00	0.00	
Sonoma NB 1/1/03 – 2/31/03	0	0.00	17.73	0.00	18.87	0.00	24.32	0.00	39.08	0.00	0.00	0.00	0.00	0.00	0.00	

<sup>\*</sup> Based on Peer Data is not available.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 5.26% of loans originated and purchased by BANK.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

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



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

Borrower Distribution: HOME IMPROVEMENT		Geography: SONOMA COUNTY					Evaluation Period: NOVEMBER 2, 1999 TO DECEMBER 31, 2002					Market Share <sup>*</sup>				
MA/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 <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Sonoma NB 1/1/00 – 12/31/02	7	100.00	17.10	0.00	19.09	0.00	25.39	33.33	38.42	66.67	0.00	0.00	0.00	0.00	0.00	
Sonoma NB 1/1/03 – 2/31/03	0	0.00	17.73	0.00	18.87	0.00	24.32	0.00	39.08	0.00	0.00	0.00	0.00	0.00	0.00	

<sup>\*</sup> Based on Peer Data is not available.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 14.29% of loans originated and purchased by BANK.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

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

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

Borrower Distribution: HOME MORTGAGE REFINANCE															Geography: SONOMA COUNTY					Evaluation Period: NOVEMBER 2, 1999 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>													
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Sonoma NB 1/1/00 – 12/31/02	13	100.00	17.10	11.11	19.09	0.00	25.39	11.11	38.42	77.78	0.00	0.00	0.00	0.00	0.00									
Sonoma NB 1/1/03 – 12/31/03	0	0.00	17.73	0.00	18.87	0.00	24.32	0.00	39.08	0.00	0.00	0.00	0.00	0.00										

<sup>\*</sup> Based on Peer Data is not available.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 30.77% of loans originated and purchased by BANK.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

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

**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: SONOMA COUNTY			Evaluation Period: NOVEMBER 2, 1999 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$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>									
Sonoma NB1/1/00 – 12/31/02	425	100.00	73.13	60.71	45.65	24.00	30.35	0.00	0.00
Sonoma NB 1/1/03 – 12/31/03	151	100.00	67.25	62.25	34.44	28.48	37.09	0.00	0.00

<sup>\*</sup> Based on Aggregate Small Business Data Only.

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

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

<sup>\*\*\*\*</sup> 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 7.06% of small loans to businesses originated and purchased by the bank.

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

Borrower Distribution: SMALL LOANS TO FARMS									
Geography: SONOMA COUNTY					Evaluation Period: NOVEMBER 2, 1999 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans <sup>****</sup>	\$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>									
Sonoma NB 1/1/00 – 12/31/02	6	100.00	86.28	83.33	33.33	50.00	16.67	0.00	0.00
Sonoma NB 1/1/03 –12/31/03	4	100.00	84.54	75.00	25.00	75.00	0.00	0.00	0.00

<sup>\*</sup> Based on Aggregate Small Business Data Only.

<sup>\*\*</sup> 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.

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

<sup>\*\*\*\*</sup> 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 16.67% of small loans to farms originated and purchased by the bank.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
Geography: SONOMA COUNTY									
Evaluation Period: NOVEMBER 2, 1999 TO DECEMBER 31, 2002									
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>									
Sonoma NB 1/1/00 – 12/31/02	NA	NA	70	136,149	70	136,149	100.00	0	0
Sonoma NB 1/1/03 – 12/31/03			41	183,278	41	183,278	100.00	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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																	
Geography: SONOMA COUNTY																	
Evaluation Period: NOVEMBER 2, 1999 TO DECEMBER 31, 2002																	
MA/Assessment Area:	Deposit s	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposit s 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>																	
Sonoma NB 1/1/00 – 12/31/02	100.00	100	7	0.00	14.29	57.14	28.57	3	0	0	0	66.67	33.33	0.00	10.21	73.44	16.35
Sonoma NB 1/1/03 – 12/31/03		100	7	0.00	14.29	57.14	28.57	0	0	0	0	0	0	0.00	14.38	69.79	15.83