



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

April 2, 2001

Community Reinvestment Act Performance Evaluation

**First National Bank of Central California
Charter Number: 18182**

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Salinas, California 93901**

Office of the Comptroller of the Currency

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

Table of Contents

TABLE OF CONTENTS	i
GENERAL INFORMATION	2
DEFINITIONS AND COMMON ABBREVIATIONS.....	3
OVERALL CRA RATING.....	5
DESCRIPTION OF INSTITUTION.....	6
SCOPE OF THE EVALUATION	7
FAIR LENDING REVIEW	9
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....	10
LENDING TEST	10
INVESTMENT TEST	14
SERVICE TEST	16
APPENDIX A: SCOPE OF EXAMINATION	A-1
APPENDIX B: MARKET PROFILE FOR FULL-SCOPE AREA	B-1
APPENDIX C: TABLES OF PERFORMANCE DATA.....	C-1

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 **First National Bank of Central California** ("FNbcc" or the "bank") prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **April 2, 2001**. 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 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.

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) dwelling 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 non-farm 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 indicates the performance level of **First National Bank of Central California** with respect to the Lending, Investment, and Service Tests:

Performance Levels	First National Bank of Central California 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:

- FNbcc originates an adequate volume of small loans to businesses and community development loans. The geographic distribution of small loans to businesses is excellent and the distribution of these loans to businesses of different sizes is adequate.
- FNbcc has a good level of community development investments and grants that are responsive to the affordable housing needs of low- and moderate-income families.
- FNbcc has a good distribution of full-service branches in low- and moderate-income census tracts when compared with the percentages of people living in low- and moderate-income census tracts. Additionally, the bank’s record of closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals.

Description of Institution

First National Bank of Central California is an independent intrastate bank headquartered in Salinas, Monterey County, California. It opened for business April 2, 1984. FNBCC is a wholly owned subsidiary of Pacific Capital Bancorp, a two-bank holding company based in Santa Barbara, California. As of our evaluation date, the bank operated 11 branches in Central California and employs 280 people. Since the prior CRA evaluation, dated November 2, 1998, Pacific Capital Bancorp acquired San Benito Bank in July 2000 and merged it into FNBCC. As a result of the acquisition, FNBCC became the dominant bank in San Benito County. Also, in November 1998, FNBCC's affiliate bank, South Valley National Bank, was merged into FNBCC.

As of December 31, 2000, FNBCC reported total assets of \$1.18 billion, total deposits of \$1.1 billion, and net income of \$13 million, which yielded a 1.25 percent return on average assets. Tier 1 Capital totaled \$88 million, which includes approximately \$1.6 million in intangible assets such as acquisition costs and goodwill. The Tier 1 Capital represents 9.3 percent of the bank's risk-weighted assets. Gross loans, at \$783.8 million, represent 67 percent of total assets. Commercial real estate loans comprise 39 percent of the loan portfolio. Commercial and industrial loans represent the second largest category of loans, comprising 22 percent of the portfolio, while residential real estate lending and agricultural lending represents just 11 percent and 2 percent of the loans, respectively.

FNBCC management defined four separate assessment areas in Central California that we used to evaluate the bank's CRA performance. These assessment areas include portions of Monterey County (Salinas MSA), all of San Benito County, southern portion of Santa Cruz County (Santa Cruz-Watsonville MSA), and the southern portion of Santa Clara County (San Jose MSA). The delineations of these assessment areas meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income geographies.

The bank operates in a highly competitive banking environment. The bank competes with other local community banks and branches of larger regional and super-regional banks. The bank's lending focus is commercial lending. It offers a wide range of commercial lending and deposit products. Consumer loans, residential real estate loans, and farm loans are minimal.

At the last CRA examination, FNBCC received a "Satisfactory" rating. Currently, the bank has no legal, financial, or other factors impeding its ability to help meet the credit needs in its assessment area.

Scope of the Evaluation

Evaluation Period and Products Evaluated

This Performance Evaluation presents information on FNBCC's home mortgage loans, small loans to businesses, and small loans to farms from October 1, 1998, through December 31, 2000. We evaluated the bank's community development loan performance since the previous examination, dated November 2, 1998. Unless otherwise stated, references to loans mean exclusively these types of loans. In addition to these loan products, we reviewed the bank's retail banking services and community development investments and services from the previous examination through April 2, 2001.

Data Integrity

To determine the accuracy of the bank's CRA loan data that we used in our analyses, we reviewed a random sample of small loans to businesses. Additionally, we reviewed all originated and pending community development loans, investments, and services to ensure that each activity has community development as its primary purpose. We determined that the information provided was substantially correct and sufficient to use in our assessment of the CRA performance of the bank.

Selection of Areas for Full-Scope Review

We performed a full-scope review of the Salinas MSA assessment area. We selected this area primarily because it is FNBCC's most significant assessment area, representing the bank's major market for loans, deposits, and full-service branches.

The significance of the Salinas MSA assessment area is clear when looking at the distribution of the bank's deposits, CRA reportable loans, and full-service branches. This assessment area represents approximately 67 percent of the number and 65 percent of the dollar of the combined HMDA, small loans to businesses, small loans to farms, and community development loans the bank made in all assessment areas. Also, the population of the Salinas MSA assessment area is the largest of the five assessment areas. This assessment area has a population of 325,602¹ or 57 percent of the combined population of all assessment areas.

Please refer to *Appendix B* for a complete description of this assessment area.

We performed limited-scope reviews of the following assessment areas: San Benito County, San Jose MSA, and Santa Cruz-Watsonville MSA.

¹ Source: 1990 U.S. Census.

Ratings

In arriving at the bank's overall record of performance, we assessed activities under the Lending, Investment, and Service Tests in the full-scope assessment area. The rating method is structured such that the Lending Test weighs most heavily of the three tests in the final determination. In addition, community contacts identified affordable housing lending as the primary credit needs in this area. Because of the reasons enumerated in the "*Selection of Areas for Full-Scope Review*" section above, we gave the most weight in our ratings to the bank's performance in the full-scope assessment area.

Other

As part of our evaluation, we considered information obtained from three recent community contacts that the OCC and other federal financial institution regulators conducted. These contacts included local organizations that are primarily involved in revitalizing and stabilizing distressed communities and providing affordable housing or essential services targeted to low- and moderate-income families in the assessment areas. The organizations identified the following needs:

- Financing to provide affordable housing in the low- and moderate-income communities throughout the Salinas MSA. This includes financing for rental housing, first time homebuyers, existing homeowners to rehabilitate existing housing stock, and farm housing for seasonal agricultural employees.
- Cash or in-kind contributions for sustaining community organizations that provide affordable housing or essential services for low- and moderate-income families.

Fair Lending Review

An analysis of public comments, consumer complaint information, and lending data for the years of 1998 and 1999 was performed according to the OCC's risk-based fair lending approach. The analysis of these data revealed no basis for the OCC to conduct a comprehensive fair lending examination in connection with the CRA examination this year. The latest comprehensive Fair Lending examination was performed in 1998.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "**Low Satisfactory.**" Based on a full-scope review, the bank's performance in the Salinas MSA assessment area is adequate. This rating is based on the following factors:

- FNBCC originated or purchased an adequate volume of CRA reportable loans during this evaluation period.
- FNBCC's geographic distribution of small loans to businesses is excellent.
- FNBCC's distribution of small loans to businesses of different sizes is adequate.

Lending Activity

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

During the evaluation period, approximately 67 percent of all loans were made in the Salinas MSA assessment area. In this assessment area, the bank originated 43 HMDA loans totaling \$8 million (including 5 loans for multifamily properties), 587 small loans to businesses totaling \$64 million, and 12 small loans to farms totaling \$2.3 million. HMDA lending volume is nominal as this type of lending is only done on an accommodation basis to existing customers. Because the bank currently does not have the expertise for farm lending, this type of loan volume is also nominal. Commercial lending is the bank's focus. As a result, separate analyses of the bank's geographic and borrower income distributions of home mortgage and small loans to farms were not performed because the overall volumes of these loans are so low that any analyses would not be meaningful.

According to 1999 Peer Small Business Data, the bank ranked 6th out of 63 lenders in the Salinas MSA assessment area in terms of the number of small loans originated to businesses (5.86 percent market share). Three of top five lenders in terms of numbers of loans are primarily credit card lenders (e.g., American Express, Capital One, MBNA). These lenders have an average loan size ranging from \$2,000 to \$11,000 compared with \$119,000 for FNBCC and they control 44 percent of the market share. In terms of loan dollar volume, FNBCC ranks second with 12.56 percent market share, just behind Community Bank of Central California, which has 39 percent of the market. Its market share of small loans to businesses is near its 13.63 percent market share of deposits, which indicates a good volume of lending in relation to the bank's size and capacity. The bank ranked fifth in deposit market share.

During the evaluation period, the volume of small business lending declined. This was the result of a business decision to focus on building existing loan customer relationships during merger and acquisition activities rather than soliciting new customers. However, during 2001, management plans to refocus its efforts on marketing new clients.

Distribution of Loans by Income Level of the Geography

Small Loans to Businesses

(Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.)

The geographic distribution of small loans to businesses is excellent. This is based on the bank's loan distribution compared to the distribution of businesses in the assessment area along with FNBCC's market share in low- and moderate-income geographies compared to its overall market share.

As Table 5 shows, 14.4 percent of the small business loans were made in low-income geographies, which compares favorably with the percentage of small businesses located there (8.16 percent). The bank penetrated both of the low-income census tracts. In moderate-income geographies, the bank originated 23 percent of its loans compared with 20.31 percent of the businesses located there. It penetrated 13 (93 percent) of the moderate-income tracts. The bank's market share of small business loans in low-income tracts is 10.02 percent, which is excellent compared with its overall market share of 5.86 percent. This shows the bank's efforts to address the small business credit needs within the low- and moderate-income areas.

Lending Gap Analysis

We did not identify any unexplainable groups of contiguous geographies or conspicuous gaps where there is abnormally low penetration of lending. Areas that have low or no loan penetration are those areas furthest away from the bank's branches and consequently are not easily accessible to the branches. In the Salinas MSA assessment area, the bank originated or purchased small loans to businesses in all but nine census tracts. None of the census tracts without any lending activity are low-income geographies. Because the numbers of home mortgage loans and small loans to farms are low, gaps of geographies exist where there were no loans made.

Inside/Outside Ratio

The bank originated a substantial majority (85 percent by number and 79 percent by dollar) of home mortgage loans, small loans to businesses, and small loans to farms within its combined four assessment areas. The percentages of the numbers of loans for each major loan product originated or purchased within the assessment areas are: home purchase (55.6 percent); home refinance (4.8 percent); home improvement (94.4 percent); multifamily (100 percent); small business (92.2 percent), and farm loans (96.7 percent).

Distribution of Loans by Income Level of the Borrower

Small Loans to Businesses

(Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.)

The bank's lending to businesses with revenues of \$1 million or less is adequate. This is based on the bank's percentage of the number of small loans to businesses compared to the percentage of small

businesses in the assessment area. During the evaluation period, only 54.86 percent of the bank's small loans to businesses were to businesses with revenues of \$1 million or less, while small businesses account for 88.56 percent of the businesses in the assessment area. This distribution is not inconsistent with the performance of other lenders in the market, based on 1999 Peer Small Business Data. Approximately 55 percent of all loans to small businesses reported by all lenders in the market were to businesses with revenues of \$1 million or less. We also considered differences in the bank's market share of loans to these smaller firms compared to the bank's overall market share. Another factor to consider is that most (73.94 percent) of the small loans to businesses were made in amounts of \$100,000 or less, which shows that of the small loans the bank is originating, it is making an effort in serving the needs of smaller businesses.

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.)

In the Salinas MSA assessment area, the bank has done an adequate job in community development lending, which has a positive affect on the overall Lending Test rating. The bank originated two community development loans in the assessment area totaling \$5.27 million. This dollar volume represents 9.2 percent of the allocated Tier 1 Capital² for the assessment area. The two community development loans are responsive to the community's credit needs by financing community organizations that provide essential services that are targeted to low- and moderate-income families. The following is an example of the community development loans that the bank originated:

- The bank provided a \$2.65 million loan to a nonprofit agency to construct a day care center in a moderate-income area of Salinas. The new facility will provide affordable day care services for approximately 100 children of low- and moderate-income families by supporting families through the Welfare to Work programs. Costs will be based on families' ability to pay. Parents will receive a dependable source of childcare that allows them to maintain employment. The nonprofit agency serves approximately 1,500 children daily throughout the assessment area through subsidized child care. The bank also provided an additional \$2.6 million in permanent financing for this project.

We also considered nine additional loans in the assessment area totaling \$1.1 million that the bank reported as small business loans but also have community development as their primary purpose.

According to management, opportunities for community development lending are limited. While management acknowledges there is a great demand for affordable housing in Salinas, efforts by local governments to conserve agricultural land have reduced opportunities to develop and construct new housing. To help meet the community credit needs for affordable housing, the bank has provided loans for the Fort Ord Reuse Authority ("FORA"), which oversees land redevelopment at Fort Ord, a closed military base in Seaside that now houses the California State University of Monterey Bay.

² In evaluating the volume of community development loans, we allocated the Tier 1 Capital of the bank among the assessment areas based on the bank's percentage of deposits in each assessment area. Some community development loans have a regional or statewide impact and no information was available to determine the precise impact to each assessment area. In those instances, we estimated the impact to each assessment area by allocating the loan based on the bank's percentage of deposits in the area.

Product Innovation and Flexibility

The bank has loan programs or participates in loan programs that are considered innovative and flexible, consistent with its capacity. Examples of flexible lending practices include:

- Through a nonprofit trade organization, the bank provides financing to small businesses for inventory and equipment purchases, plant improvements, intermediate loans, and start-up financing. The trade organization also has a loan program that it guarantees up to 80 percent of the loan. During the evaluation period, the bank has granted eight small business loans totaling \$794,000 through this program to businesses within the Salinas MSA assessment area.
- The bank established its *Ready Business Credit* program in June 2000, which is a credit-scored loan product for small business applicants. Because the approval process is quicker and less financial documentation is required, businesses can obtain micro financing at a lower cost. Since the establishment of the program, the bank has opened 184 accounts totaling \$8.14 million.
- The bank participates with the City of Salinas in providing low interest rate loans to owners of commercial properties located in the redevelopment area of downtown Salinas, which is also a low-income geography. The funding helps property owners to provide the necessary repairs to ensure the properties meet the city's Seismic Ordinance standards. The bank's participation is 75 percent at current interest rates while the city's participation is 25 percent at zero percent interest. While all of the loans meet the bank's normal underwriting standards and rates, the fact that the city's portion of the loan is at a zero percent rate, the customer receives a lower blended rate. During the evaluation period, the bank granted two loans totaling \$350,000.

Conclusions for Areas Receiving Limited-Scope Reviews

(Refer to Tables 1 through 11 in Appendix C for the facts and data that support these conclusions.)

Based on limited-scope reviews, the bank's performance under the Lending Test in the San Jose MSA and Santa Cruz-Watsonville MSA assessment areas is not inconsistent with the bank's overall lending performance.

Performance in the San Benito County assessment area is stronger than the bank's overall lending performance. This is based primarily on the higher level of community development lending relative to the allocated Tier 1 Capital. In the San Benito County assessment area, the bank originated four community development loans totaling \$4.9 million, which provided affordable housing for low- and moderate-income families. These community development loans represent 84.1 percent of the allocated Tier 1 Capital for the assessment area. This did not affect the overall lending performance, as the San Benito County assessment area represents just 6.63 percent of total deposits and 6.69 percent of the total loans.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

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

The bank's performance under the Investment Test is rated "**High Satisfactory**." Based on a full-scope review, the bank's performance in the Salinas MSA assessment area is good. This is based on the following factors:

- FNBCC has a good level of community development investments, grants, and donations relative to the bank's Tier 1 Capital.
- A majority of the bank's community development investments directly benefit its assessment area. Although FNBCC did not take a leadership position in creating these investments, opportunities for developing qualified investments are limited in the assessment areas.
- While the investments made by the bank were not innovative and/or complex, they are responsive to credit and community development needs, particularly for affordable housing.

Dollar amount of qualified investments

FNBCC's overall volume of qualified investments is good based on the high dollar volume in the bank's full-scope assessment area relative to its allocated Tier 1 Capital³. Since the prior CRA evaluation, the bank made six qualified investments plus various grants and donations totaling over \$6.9 million. The level of qualified investments represents 12.05 percent of the allocated Tier 1 Capital. Most of the investments help to finance affordable housing and essential services for low- and moderate-income families in the bank's assessment area.

Responsiveness of qualified investments to credit and community development needs

Investments and grants exhibit good responsiveness to the credit and community development needs of the community, particularly the need for affordable housing. The Salinas MSA assessment area has a great need for affordable housing. Consequently, due to agriculture being the major industry in the area, there is a shortage of land to build affordable housing. As discussed in the "*Lending Test*" section, efforts by local governments to conserve agricultural land have reduced opportunities to develop and construct new housing. FNBCC, which has been responsive to the credit and community development needs of the assessment area, has been seeking affordable housing investment opportunities. They have been able to purchase qualified affordable housing investments that benefit the Salinas MSA assessment area. These affordable housing investments primarily consist of mortgage-backed securities and tax credit investments. Listed below are examples of these investments:

³ In evaluating the volume of investments, we allocated the Tier 1 Capital of the bank among the assessment areas based on the bank's percentage of deposits in each assessment area. Some investments have a regional or statewide impact and no information was available to determine the precise impact to each assessment area. In those instances, we estimated the impact to each assessment area by allocating the investment based on the bank's percentage of deposits in the area.

- Mortgage Backed Securities: FNBCC purchased \$7.2 million in U.S. Agency mortgage-backed securities during the evaluation period for all assessment areas. These securities are collateralized by pools of mortgages to low- and moderate-income borrowers and are guaranteed by the Federal National Mortgage Association. Of the total investments in mortgage-backed securities, the portion collateralized by mortgages only in the full-scope assessment area total \$3.6 million.
- Tax Credit Funds: FNBCC invested \$5.2 million in statewide tax credit funds, which finance affordable housing properties throughout the State of California. The sponsor of these funds is one of the largest sponsors of housing tax credit investments in the United States and has acquired over 1,900 properties containing over 85,000 housing units. Of the total investments, we allocated \$3.4 million toward the Salinas MSA assessment area based on the assessment area's share of the bank's deposits.

Conclusions for Area Receiving Limited-Scope Reviews

(Refer to Table 12 in Appendix C for the facts and data that support these conclusions.)

Based on limited-scope reviews, the bank's performance under the Investment Test in the San Benito County, San Jose MSA, and Santa Cruz-Watsonville MSA assessment areas is not inconsistent with the bank's overall "High Satisfactory" performance under the Investment Test. Qualified investments in the San Benito County, San Jose MSA, and Santa Cruz-Watsonville MSA assessment areas represent 5.84 percent, 16.51 percent, and 31.68 percent of the allocated Tier 1 Capital, respectively.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "**High Satisfactory.**" Based on a full-scope review, the bank's performance in the Salinas MSA assessment area is good. This is based on the following factors:

- The bank has an excellent distribution of branches. The branches are reasonably accessible to geographies and individuals of different income levels.
- The record of opening and closing of branches has not adversely affected its retail banking services or the accessibility of its delivery systems, particularly to low- and moderate-income geographies and individuals.
- FNBCC provides a relatively high level of community development services that are responsive and supportive to the community's needs.

Retail Banking Services

(Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.)

The distribution of branches among the geographies of different income levels within its assessment area is excellent. Five of FNBCC's eleven branches are located in the Salinas MSA assessment area. Within this assessment area, FNBCC has one branch in a low-income geography and two branches in a moderate-income geography. This branch distribution is excellent as 23 percent of the households live within low- and moderate-income geographies when compared to 27 percent of the bank's branches.

The bank's retail services and alternative delivery systems are responsive to the community's needs. The bank offers various traditional and nontraditional products and services. As an extension of its branch system, the bank also offers alternative delivery services. In the Salinas MSA assessment area, the bank operates six proprietary Automated Teller Machines ("ATMs"). Four ATMs are attached to branches and the remaining two are off premises. The geographic distribution of these ATMs makes them reasonably accessible to almost anyone in the assessment area, particularly in low- and moderate-income geographies where half of the bank's ATMs are located. Other alternative delivery systems the bank offers include online banking, bank by phone, and a courier service. The bank by phone service allows customers to obtain inquiries, funds transfers, bill payment, loan application information, and other account information 24 hours a day and seven days a week, toll-free. The online banking and courier services were designed for business customers to assist them with their financial needs.

Since the 1998 CRA evaluation, FNBCC has not opened or closed any branches in the Salinas MSA assessment area. Branch hours are reasonable and structured to accommodate customer needs. In this assessment area, most branches have similar operating hours and products, with two exceptions. The Old Town branch, which is a limited-service office, serves the downtown merchants with the same hours of operation as the other branches, but it does not offer any loan products. The Soledad branch, which is located in a moderate-income census tract, is the only branch open for Saturday banking.

Community Development Services

FNBCC provides a relatively high level of community development services that are responsive and supportive to its assessment area. Senior management and other bank officers have done an excellent job in providing technical assistance and financial services to a variety of community organizations. In the Salinas MSA assessment area, approximately 14 or five percent of the bank's employees provide financial services and/or technical service expertise to 20 community development organizations. The following examples highlight some of the more significant services rendered throughout this assessment area:

- The bank's Vice President provided financial expertise for a redevelopment agency that provides low interest loans to low- and moderate-income families for rehabilitation of their homes or businesses. In 1999 and 2000, this program benefited 21 low- and moderate-income families.
- The bank's Marketing Department Vice President developed brochures for a project that facilitates the construction and rehabilitation of affordable housing. The project will provide 88 homes for low-income families (32 units will be set aside for very low-income families). Families will accumulate their down payments for the purchases through sweat equity.
- The bank's Mortgage Department and the Construction Loan Department provided financial services to promote community development and affordable housing by conducting a pre-qualifying seminar for low- and moderate-income families. These families were applying for below-market interest rate loans for homes in a newly developed housing project. More than 90 low- and moderate-income families attended the seminar.

Conclusions for Areas Receiving Limited-Scope Reviews

(Refer to Table 13 in Appendix C for the facts and data that support these conclusions.)

Based on limited-scope reviews, the bank's performance under the Service Test in the San Benito County, San Jose MSA, and Santa Cruz-Watsonville MSA is not inconsistent with the bank's overall "High Satisfactory" performance under the Service Test.

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 nonmetropolitan areas that received comprehensive examination review (designated by the term “Full-Scope”) and those that received a less comprehensive review (designated by the term “Limited-Scope”).

Time Period Reviewed	Lending Test (excludes CD Loans): (10/01/98 to 12/31/00) Investment and Service Tests and CD Loans: (11/03/98 to 04/02/01)	
Financial Institution	Products Reviewed	
First National Bank of Central California Salinas, California	Home mortgage, small business loans, small farm loans, community development loans, and investments.	
Affiliate	Affiliate Relationship	Products Reviewed
N/A		
List of Assessment Areas and Type of Examination		
Assessment Areas	Type of Exam	Other Information
Salinas MSA #7120	Full-Scope	
San Benito County	Limited-Scope	
San Jose MSA #7400	Limited-Scope	
Santa Cruz-Watsonville MSA #7485	Limited-Scope	

Appendix B: Market Profile for Full-Scope Area

Salinas MSA #7120

Demographic Information for Full-Scope Area: Salinas MSA (Monterey County)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	64	3.13	21.88	45.31	29.69	0.00
Population by Geography	325,602	0.85	31.55	41.96	25.64	0.00
Owner-Occupied Housing by Geography	53,600	0.20	13.14	41.55	45.11	0.00
Business by Geography	13,351	8.16	20.31	37.20	34.33	0.00
Farms by Geography	640	9.84	23.44	36.72	30.00	0.00
Family Distribution by Income Level	78,464	18.47	18.12	23.49	39.93	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	28,710	1.55	43.40	41.79	13.25	0.00
Median Family Income		36,223	Median Housing Value		213,506	
HUD Adjusted Median Family Income for 2000		50,300	Unemployment Rate (1990 US Census)		3.72%	
Households Below Poverty Level		9.01%				

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 1990 U.S. Census and 2000 HUD updated MFI.

The Salinas MSA (Monterey County) rests about 101 miles south of San Francisco and 325 miles north of Los Angeles in an area consisting of the Salinas Valley. The area consists of 64 census tracts, which are mostly middle- and upper-income. This area in Central California is home to more than 325,000 people. The City of Salinas, which is also the county seat, is the largest city in Monterey County. It has an estimated population of 138,271 in 2000. Other communities in the Salinas MSA include Carmel, Monterey, Pacific Grove, Pebble Beach, and Seaside.

Housing costs are high. In 1990, the average home value was \$213,506. According to the Monterey County’s *Jobs and Housing Report*, dated March 29, 2001, the median sales price for a single-family home in 2000 was \$342,500. In about 30 percent of the housing units, owners or renters are paying more than 30 percent of their income for housing costs, and often living in substandard housing units. Because more than 36 percent of the population is of low- and moderate-income, it is difficult for a large portion of the population to obtain affordable housing coupled with the fact that efforts to conserve agricultural land have limited the supply of new housing.

The local economy is primarily driven by agriculture, which generated more than \$2.29 billion in production in 1998. Approximately 1.46 million acres of land in the Salinas MSA is used for agriculture purposes, or 68 percent of the total land area. The most valued crops consist of lettuce, broccoli, and strawberries. More than 80 percent of the nation’s lettuce is grown in the Salinas MSA. Because more produce is grown here than any other county in the United States, it is commonly known as the “Salad Bowl of the World.” The largest industries in order of number of establishments are services, retail trade, finance and real estate, and construction. According to Dun & Bradstreet statistics for 2000, 87 percent of the businesses and farms located in the Salinas MSA have annual sales of \$1 million or less.

Banking competition is strong with 15 other local community banks and branches of larger regional and super-regional banks. FNbcc ranks fifth in deposits in the Salinas MSA, with 14.4 percent market

share. Major banking institutions, in order of deposit market share, include Washington Mutual Bank, Bank of America, Wells Fargo Bank, and Community Bank of Central California.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to *Appendix A: Scope of the Examination*). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; 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 MSA/assessment area.

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 MSA/assessment area.
- 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 rank and 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 Refinance Loans** - See Table 2.
- Table 5. 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 rank and market share information based on the most recent aggregate market data available.
- Table 6. 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 rank and market share information based on the most recent aggregate market data available.
- Table 7. 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 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 Home Improvement Loans** - See Table 7.

- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. 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 11. 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 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/assessment area. 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, tracked, and recorded by the bank's financial reporting system.
- Table 13. 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 MSA/assessment area. The table also presents data on branch openings and closings in each MSA/assessment area.

Table 1. Lending Volume

LENDING VOLUME		Evaluation Period: 10/01/1998 TO 12/31/2000										
MSA/Assessment Area	% of Rated Area Deposits in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development		Total Reported Loans		% of Rated Area Loans (#) in AA
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full Scope												
Salinas MSA	65.07	43	8,050	587	64,013	12	2,297	2	5,272	644	79,632	67.29
Limited Scope												
San Benito County	6.63	14	1,122	45	5,651	1	500	4	4,904	64	12,177	6.69
San Jose MSA	20.39	25	2,807	175	19,542	2	800	1	1,100	203	24,249	21.21
Santa Cruz-Watsonville MSA	7.91	4	192	26	2,854	14	2,227	2	305	46	5,578	4.81

* Deposit Data as of June 30, 2000

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Evaluation Period: 10/01/1998 TO 12/31/2000														
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	Upp	#	% of Total**
Full Scope																
Salinas MSA	0.20	0.00	13.14	0.00	41.55	50.00	45.11	50.00	130	0.04	0.02	0.00	0.03	0.08	4	22.22
Limited Scope																
San Benito County	0.00	0.00	0.00	0.00	29.93	100.00	70.07	0.00	134	0.05	0.00	0.00	0.21	0.00	1	5.56
San Jose MSA	4.45	9.09	10.57	0.00	64.81	90.91	20.18	0.00	66	0.27	0.91	0.00	0.36	0.00	11	61.11
Santa Cruz-Watsonville MSA	0.00	0.00	18.61	0.00	61.90	100.00	19.50	0.00	118	0.06	0.00	0.00	0.10	0.00	2	11.11

* Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT										Evaluation Period: 10/01/1998 TO 12/31/2000						
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	Upp	#	% of Total**
Full Scope																
Salinas MSA	0.20	0.00	13.14	14.29	41.55	10.71	45.11	75.00	8	1.76	0.00	3.28	0.00	3.31	28	56.00
Limited Scope																
San Benito County	0.00	0.00	0.00	0.00	29.93	33.33	70.07	66.67	11	1.89	0.00	0.00	0.00	2.42	9	18.00
San Jose MSA	4.45	0.00	10.57	0.00	64.81	72.73	20.18	27.27	19	0.85	0.00	0.00	0.88	1.69	11	22.00
Santa Cruz-Watsonville MSA	0.00	0.00	18.61	0.00	61.90	50.00	19.50	50.00	35	0.40	0.00	0.00	0.66	0.00	2	4.00

* Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 10/01/1998 TO 12/31/2000						
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	Upp	#	% of Total**
Full Scope																
Salinas MSA	0.20	0.00	13.14	25.00	41.55	12.50	45.11	62.50	189	0.03	0.00	0.00	0.00	0.06	8	72.73
Limited Scope																
San Benito County	0.00	0.00	0.00	0.00	29.93	100.00	70.07	0.00	142	0.06	0.00	0.00	0.24	0.00	1	9.09
San Jose MSA	4.45	0.00	10.57	0.00	64.81	50.00	20.18	50.00	194	0.03	0.00	0.00	0.04	0.00	2	18.18
Santa Cruz-Watsonville MSA	0.00	0.00	18.61	0.00	61.90	0.00	19.50	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00

* Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

Table 5. Geographic Distribution: Small Loans to Businesses

Geographic Distribution: SMALL BUSINESS										Evaluation Period: 10/01/1998 TO 12/31/2000							
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	Upp	#	% of Total**	
Full Scope																	
Salinas MSA	8.16	14.14	20.31	23.00	37.20	25.21	34.33	37.65	6	5.86	10.02	8.63	3.93	5.80	587	70.47	
Limited Scope																	
San Benito County	0.00	0.00	0.00	0.00	37.42	24.44	62.58	75.56	8	3.74	0.00	0.00	3.57	3.92	45	5.40	
San Jose MSA	12.84	12.00	18.65	27.43	57.57	56.00	10.94	4.57	21	0.48	0.57	0.77	0.46	0.17	175	21.01	
Santa Cruz-Watsonville MSA	0.00	0.00	24.90	42.31	57.79	46.15	17.31	11.54	19	0.43	0.00	1.22	0.41	0.00	26	3.12	

* Based on 1999 Aggregate Small Business Data only. Market rank is for all income categories combined.

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

Table 6. Geographic Distribution: Small Loans to Farms

Geographic Distribution: SMALL FARM										Evaluation Period: 10/01/1998 TO 12/31/2000							
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	Upp	#	% of Total**	
Full Scope																	
Salinas MSA	9.84	0.00	23.44	16.67	36.72	16.67	30.00	66.67	5	4.69	0.00	0.00	2.78	14.29	12	41.38	
Limited Scope																	
San Benito County	0.00	0.00	0.00	0.00	15.82	0.00	84.18	100.00	5	7.69	0.00	0.00	0.00	10.00	1	3.45	
San Jose MSA	2.53	0.00	19.19	100.00	59.09	0.00	19.19	0.00	10	1.54	0.00	5.56	0.00	0.00	2	6.90	
Santa Cruz-Watsonville MSA	0.00	0.00	24.14	35.71	64.26	64.29	11.60	0.00	2	16.13	0.00	40.00	15.79	0.00	14	48.28	

* Based on 1999 Aggregate Small Business Data only. Market rank is for all income categories combined.

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

Table 7. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HMDA HOME PURCHASE										Evaluation Period: 10/01/1998 TO 12/31/2000						
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	Upp	#	% of Total***
Full Scope																
Salinas MSA	18.47	0.00	18.12	0.00	23.49	25.00	39.92	50.00	130	0.04	0.00	0.00	0.07	0.03	4	22.22
Limited Scope																
San Benito County	10.84	0.00	14.43	0.00	19.00	0.00	55.73	100.00	134	0.05	0.00	0.00	0.00	0.07	1	5.56
San Jose MSA	21.67	27.27	18.26	27.27	23.91	27.27	36.16	18.18	66	0.27	2.61	0.57	0.25	0.15	11	61.11
Santa Cruz-Watsonville MSA	21.99	0.00	20.14	50.00	23.84	50.00	34.03	0.00	118	0.06	0.00	0.24	0.15	0.00	2	11.11

* Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

** As a percentage of loans with borrower income information available. No income information was available for 14% of the home mortgage loans originated by FNbcc.

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

Table 8. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT										Evaluation Period: 10/01/1998 TO 12/31/2000						
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	Upp	#	% of Total***
Full Scope																
Salinas MSA	18.47	7.14	18.12	7.14	23.49	10.71	39.92	71.43	8	1.76	8.70	2.04	0.00	1.99	28	56.00
Limited Scope																
San Benito County	10.84	0.00	14.43	0.00	19.00	22.22	55.73	66.67	11	1.89	0.00	0.00	8.33	1.49	9	18.00
San Jose MSA	21.67	9.09	18.26	18.18	23.91	0.00	36.16	72.73	19	0.85	0.00	2.17	0.00	1.33	11	22.00
Santa Cruz-Watsonville MSA	21.99	0.00	20.14	0.00	23.84	50.00	34.03	50.00	35	0.40	0.00	0.00	1.28	0.00	2	4.00

* Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

** As a percentage of loans with borrower income information available. No income information was available for 14% of the home mortgage loans originated by FNbcc.

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

Table 9. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 10/01/1989 TO 12/31/2000						
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	Upp	#	% of Total***
Full Scope																
Salinas MSA	18.47	0.00	18.12	12.50	23.49	0.00	39.92	62.50	189	0.03	0.00	0.00	0.00	0.06	8	72.73
Limited Scope																
San Benito County	10.84	0.00	14.43	0.00	19.00	0.00	55.73	100.00	142	0.06	0.00	0.00	0.00	0.09	1	9.09
San Jose MSA	21.67	0.00	18.26	50.00	23.91	0.00	36.16	50.00	194	0.03	0.00	0.19	0.00	0.00	2	18.18
Santa Cruz-Watsonville MSA	21.99	0.00	20.14	0.00	23.84	0.00	34.03	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0.00

* Based on 1999 Aggregate HMDA Data only. Market rank is for all income categories combined.

** As a percentage of loans with borrower income information available. No income information was available for 14% of the home mortgage loans originated by FNBCC.

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

Table 10. Borrower Distribution: Small Loans to Businesses

Borrower Distribution: SMALL BUSINESS										Evaluation Period: 10/01/1989 TO 12/31/2000						
MSA/Assessment Area	Businesses With Revenues of \$1 million or less		% Distribution of Loans by Original Amount Regardless of Business Size			Market Share*		Total Small Loans to Businesses								
	% Business**	% Bank Loans***	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less	#	% of Total****							
Full Scope																
Salinas MSA	88.56	54.86	73.94	15.33	10.73	5.86	5.74	587	70.47							
Limited Scope																
San Benito County	85.43	60.00	77.78	11.11	11.11	3.74	3.31	45	5.40							
San Jose MSA	86.82	48.57	76.57	14.86	8.57	0.48	0.43	175	21.01							
Santa Cruz-Watsonville MSA	88.84	57.69	84.62	11.54	3.85	0.43	0.39	26	3.12							

* The market consists of all other Small Business reporters in FNBCC's assessment area and is based on 1999 Aggregate Small Business Data only

** Businesses with sales of \$1 million or less as a percentage of all businesses.

*** 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 3% of small loans to businesses originated and purchased by the bank.

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

Table 11. Borrower Distribution: Small Loans to Farms

Borrower Distribution: SMALL FARM		Evaluation Period: 10/01/1998 TO 12/31/2000							
MSA/Assessment Area	Businesses With Revenues of \$1 million or less		% Distribution Loans by Original Amount Regardless of Farm Size			Market Share*		Total Small Farm Loans	
	% Farms**	% Bank Loans***	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$1 Million or Less	#	% of Total****
Full Scope									
Salinas MSA	75.78	41.67	33.33	41.67	25.00	4.69	3.23	12	41.38
Limited Scope									
San Benito County	86.44	100.00	0.00	0.00	100.00	7.69	12.50	1	3.45
San Jose MSA	85.86	0.00	0.00	0.00	100.00	1.54	0.00	2	6.90
Santa Cruz-Watsonville MSA	81.19	42.86	50.00	28.57	21.43	16.13	12.50	14	48.28

* The market consists of all other Small Farm reporters in FNbcc's assessment area and is based on 1999 Aggregate Small Business Data only

** Farms with revenues of \$1 million or less as a percentage of all farms.

*** As a percentage of loans with borrower income information available.

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

Table 12. Qualified Investments

QUALIFIED INVESTMENTS		Evaluation Period: 11/03/1998 TO 04/02/2001							
MSA/Assessment Area	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% Of Total	#	\$(000's)
Full Scope									
Salinas MSA	0	0	6	6,985	6	6,985	55.61	0	0
Limited Scope									
San Benito County	0	0	3	345	3	345	2.75	0	0
San Jose MSA	0	0	4	2,998	4	2,998	23.87	0	0
Santa Cruz-Watsonville MSA	0	0	6	2,232	6	2,232	17.77	0	0

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

** "Unfunded Commitments" means legally binding commitments that are reported on Report of Condition Schedule L-"Off-Balance Sheet Items."

Table 13. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																Evaluation Period: 10/01/1998 TO 12/31/2000			
MSA/Assessment Area	Deposits	Branches						Branch Openings/Closings						Population					
	% of Rated Area Deposits in MSA/AA	# of Bank Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies (%)				# of Branch Closings	# of Branch Openings	% of the Population with Each Geography*				% of Population within Each Geography					
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp		
Full Scope																			
Salinas MSA	65.07	5	45.45	20.00	40.00	0.00	40.00	0	0	0	0	0	0	0.85	31.55	41.96	25.64		
Limited Scope																			
San Benito County	6.63	3	27.27	0.00	0.00	66.67	33.33	2	0	0	0	0	-2	0.00	0.00	34.25	65.75		
San Jose MSA	20.39	2	18.18	0.00	50.00	50.00	0.00	0	0	0	0	0	0	9.89	13.58	60.86	15.66		
Santa Cruz-Watsonville MSA	7.91	1	9.09	0.00	100.00	0.00	0.00	0	0	0	0	0	0	0.00	28.27	57.84	13.90		

* The percentage of the population in the MSA/AA that resides in these geographies.