LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

August 21, 2006

Community Reinvestment Act

Performance Evaluation

San Diego National Bank
Charter Number: 17114

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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.

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Overall CRA Rating

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

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

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

*The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- San Diego National Bank's lending levels demonstrate good responsiveness to the credit needs of the bank's assessment area.
- The geographic distribution of home mortgage loans and small loans to businesses is excellent.
- The distribution of home mortgage loans to borrowers of different income levels and to businesses of different sizes is adequate.
- The bank originated a very high level of community development loans in its assessment area, demonstrating excellent performance. During the review period, the bank provided $370.5 million in qualified community development loans.
- The bank's level of qualified investments is excellent. Qualified investments total $19 million.
- The bank's branch delivery systems provide excellent accessibility to individuals living in low- and moderate-income geographies.
- San Diego National Bank is a leader in providing community development services. The bank provided a high level of community development services that are responsive and supportive of the community development needs in the San Diego 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 MA/assessment area.

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 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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

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

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

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

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

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an

employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

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.

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

San Diego National Bank ("SDNB" or "the bank") is a full-service intrastate bank with its main office located in downtown San Diego, California. The bank is a wholly owned subsidiary of the FBOP Corporation ("FBOP"), a multi-state community bank holding company headquartered in Oak Park, Illinois. SDNB was founded in November 1981 by a group of local business owners and bankers to primarily serve small and medium-size businesses. In 1997, FBOP acquired San Diego National Bank, with $172 million in total assets. Today, FBOP has over $13 billion in assets and operates eight commercial banks in California, Illinois, Texas, and Arizona.

Subsequent to FBOP's acquisition of SDNB, FBOP merged into the bank approximately $1.3 billion in assets from other acquired financial institutions. As of June 30, 2006, SDNB reported total assets of $2.4 billion, total deposits of $2.1 billion, and net income of $15.3 million. Gross loans of $1.7 billion consist of real estate (94 percent), commercial (5 percent), and consumer and other loans (1 percent). Net loans comprise 71 percent of the bank's total assets. The bank's Tier One Capital of $249.8 million represents 10.9 percent of its risk-weighted assets. SDNB serves the San Diego community through 21 full-service branches. In addition, the bank offers banking services through its 21 onsite Automated Teller Machines ("ATM"), all of which are available 24-hours a day. Please refer to Table 15 in Appendix C-1 for the distribution of branches and ATMs.

SDNB's CRA assessment area (AA) is the San Diego-Carlsbad-San Marcos Metropolitan Statistical Area ("MSA"), which includes all of San Diego County. This assessment area is highly competitive with numerous large, regional, and community banks as well as other financial service providers. The largest institutions offering commercial and consumer financial products in the assessment area include Bank of America, Wells Fargo Bank, Washington Mutual Bank, Union Bank of California, California Bank & Trust, U.S. Bank, and San Diego County Credit Union. These large competitors have more extensive branch distribution systems and resources to offer a wider range of services than SDNB.

The bank's primary credit products continue to be commercial real estate, construction, and small business loans. The bank has recently expanded its capabilities in both commercial and consumer lending. Opportunities exist for affordable housing and small business financing, which are identified needs within the bank's assessment area. However, challenges exist given the short supply of land due to physical barriers on three of four sides of the assessment area. These include the Camp Pendleton Marine Base on the north side, the Pacific Ocean on the west side, and the Mexican border on the south side. Additionally, the increase in population keeps demand for affordable housing high. The short supply of land coupled with the increase in new housing demand has increased housing costs to levels that are not affordable for most low- and moderate-income families.

The OCC evaluated SDNB as a large institution at its previous CRA examination as of July 7, 2003, and rated the bank "Outstanding". There are currently no legal, financial, regulatory, or other factors impeding the bank's ability to meet the credit needs of its assessment area.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for home mortgage and small loans to businesses is from January 1, 2003 to December 31, 2005. We based market comparisons on 2004 Home Mortgage Disclosure Act (HMDA) and 2005 small business loan peer data. This was the most current peer data available at the time of this evaluation. The evaluation period for community development loans, investments, and services is July 8, 2003 to August 21, 2006.

The CRA regulation also gives consideration to a bank's small loans to farms. We did not include this loan product in our analysis of the Lending Test because SDNB made only one small loan to a farm during the evaluation period.

Due to changes the Office of Management and Budget implemented to metropolitan area boundaries in 2004, it was necessary to create tables for 2003 data and combine 2004/2005 data into a separate set of tables. The tables for 2004/2005 are attached to this evaluation and may be found in Appendix C.

Data Integrity

We tested the accuracy of the bank's publicly reported data for home mortgage loans and small loans to businesses as part of the CRA evaluation. We did not find any material inaccuracies in the reported data. We also reviewed community development loans, investments, and services submitted by SDNB to ensure they meet the regulatory definition for community development. This evaluation considers only those loans, investments, and services that meet the definition and purpose of community development.

Selection of Areas for Full-Scope Review

SDNB has only one assessment area—the San Diego-Carlsbad-San Marcos MSA, also referred to in this evaluation as the San Diego MSA or the San Diego AA. We performed a full-scope review of this AA. Please refer to Appendix A for more information on the scope of our review.

Ratings

The bank's overall rating is based on a full-scope review of SDNB's AA. In arriving at the bank's overall record of performance, we evaluated activities under the Lending, Investment, and Service Tests. The rating method is structured such that the Lending Test weighs most heavily in the overall conclusions of the bank's CRA performance. Within loan products, we gave the most weight to small business loans as they represent 76 percent of all reportable loans and are the bank's primary lending focus. We also placed significant weight on multifamily loans as they help meet a specific need in the bank's AA and are also representative of the bank's lending focus.

Excluding multifamily loans, the bank originated or purchased 202 home mortgage loans during the three-year period. Overall home mortgage loan volume is low because the bank

brokers the majority of its home purchase and refinance loans for investors, and these investors report the originations. The bank entered into these broker relationships during 2000. In addition, the bank has opted not to collect and report home equity lines of credit.

Other

Refer to Appendix B for performance context information and a description of the community contacts used in this evaluation.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

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 "outstanding". Based on a full-scope review, the bank's performance in the San Diego MSA is excellent.

The key findings that support this rating include:

- The bank's level of originated and purchased loans is good and lending levels are consistent with its strategic focus and financial resources.
- The geographic distribution of home mortgage loans and small loans to businesses is excellent.
- The distribution of home mortgage loans to borrowers of different income levels and to businesses of different sizes is adequate.
- The bank originated an excellent level of community development loans which positively impacted the overall Lending Test rating. The bank provided 61 qualified community development loans totaling $370.5 million to help meet the community development needs of its AA.
- The bank developed and offers flexible loan products to help meet the needs of LMI individuals and small businesses in its AA. This also reflected positively on the bank's overall Lending Test rating.

Lending Activity

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

Overall lending activity in the San Diego AA is good. This is based primarily on the level of small business lending and secondarily on the level of multifamily lending. In addition, the bank originated $370.5 million in community development loans that helps to augment the bank's overall lending activity. The bank's community development loans represent 55 percent of the total dollar volume of reportable loans. With the exception of multifamily lending, the volume and market share of home mortgage loans is insignificant.

To analyze SDNB's lending activity, we compared the bank's deposit market share with its lending market share for small loans to businesses. In comparing the market share percentages, we took into consideration that deposit market share information includes only deposit-taking financial institutions that had one or more branches located in the AA. Lending market share information on the other hand, includes lenders who do not have deposit-taking facilities in SDNB's AA but reported one or more small business loans in the AA in 2005. Due

to the different populations of financial institutions included in the data, we did not expect SDNB's deposit market share and lending market share percentages to match in order for performance to be considered good.

Based on FDIC deposit market share data as of June 30, 2005, there were 67 deposit-taking financial institutions with one or more banking offices in the AA. Based on dollar volume of deposits, SDNB ranked sixth with a market share of 4.30 percent. In comparison, 2005 small business peer data indicates there were 148 lenders who made small loans to businesses in the bank's AA. Based on dollar volume of small loans to businesses, the bank ranked seventh with a market share of 2.47 percent. The 2004 peer HMDA data indicates that for all types of mortgage loans, SDNB ranked 260th out of 887 mortgage lenders in the AA. The bank had a market share of 0.04 percent based on dollar volume of loans. However, SDNB's market share for multifamily loans is excellent; peer HMDA data indicates the bank had a market share of 4.12 percent in 2004.

During the evaluation period, SDNB also originated 100 other loans totaling $33 million that are secured by residential real estate, but were made for small business purposes. These loans are in amounts of $1 million or less. Because a bank cannot report loans secured by residential real estate as small business loans, it may at its option collect and maintain the loan data for consideration in its CRA performance. These additional loans, while not included in the volume or market share information for comparative purposes, show further efforts the bank is making to help meet the small business credit needs of its AA.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans is excellent. This is based on the 2004/2005 home improvement and home refinance loan data as well as multifamily loan data for both the 2003 and the 2004/2005 review periods. With the exception of multi-family lending, home mortgage loan data for the 2003 review period is not meaningful. The bank made seven home improvement loans and ten home refinance loans in 2003. SDNB did not make any home purchase loans in 2003. The number of home purchase loans in the 2004/2005 review period is also negligible; the bank made only seven during this review period.

The geographic distribution of home improvement and home refinance loans extended in 2004/2005 in both low- and moderate-income census tracts is excellent. The percentage of home refinance, and home improvement loans is significantly above the percentage of owner-occupied housing located in low-income census tracts and is well above the demographics in moderate-income census tracts. Market share data indicates similar performance.

The bank extended 34 multifamily loans during the 2003 review period and 70 during the 2004/2005 review period. During 2003, the bank significantly exceeded the demographics in low-income census tracts and met the demographics in moderate-income census tracts.

During 2004/2005, the bank significantly exceeded the demographics in both low- and moderate-income census tracts. Market share data indicates similar performance.

Small Loans to Businesses

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

The overall geographic distribution of small loans to business is excellent. In both the 2003 and 2004/2005 review periods, the bank demonstrated excellent distribution of small loans to businesses in low- and moderate-income census tracts.

The distribution of small loans to businesses significantly exceeds the portion of businesses located in low-income tracts and is near the portion of businesses located in moderate-income tracts for both the 2003 and 2004/2005 review periods. Market share data for loans in both low- and moderate-income tracts exceeds overall market share.

Lending Gap Analysis

We reviewed SDNB's lending data, which includes home mortgage loans and small loans to businesses made in the AA in order to identify gaps in the geographic distribution of these loans. We took into consideration the bank's size, competition in the AA, and demographic factors. We did not identify any conspicuous gaps in lending.

Inside/Outside Ratio

During the review period, SDNB originated or purchased a majority of its loans within its AA. By number of reported loans, the bank originated or purchased 63 percent of its home mortgage loans and 93 percent of its small loans to businesses in the AA. We viewed this as a positive characteristic in our assessment of the bank's lending performance.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of home mortgage loan products is adequate. This is based on home improvement and home refinance loan data for 2004/2005.

The distribution of both home improvement and home refinance loans in low-income census tracts is adequate. The portion of loans to low-income borrowers is well below the portion of families that are low-income. However, this is adequate when considering that 10 percent of the households in the AA are below the poverty level and would not likely be able to qualify for any type of mortgage credit. The market share ratio compares favorably; the market share of loans to low-income borrowers exceeds overall market share.

The distribution of home improvement loans to moderate-income borrowers is excellent; for home refinance products, it is adequate. The distribution of home improvement loans to moderate-income borrowers exceeds the demographics; for home refinance products, it is below the demographics. Market share data indicates similar performance for home improvement loans. For home refinance loans, market share data for loans to moderate-income borrowers meets the overall market share.

Small Loans to Businesses

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

The distribution of loans to businesses with revenues of $1 million or less is adequate. It is below the demographics for both the 2003 and 2004/2005 review periods. Market share data indicates similar performance for 2004/2005, but in 2003, the data indicates market share of loans to businesses with revenues of $1 million or less exceeds overall market share.

In spite of the lower percentage of small loans to businesses relative to the demographics, the bank's performance is well above the aggregate banks' performance in 2003. It is below the aggregate in 2005. The aggregate small business peer data for 2003 indicates that 39 percent of the lenders originated small loans to businesses with revenues of $1 million or less, while the bank originated 47 percent of its loans to businesses of this size. Based on the 2005 aggregate small business peer data, all lenders on average originated 50 percent of their small business loans to businesses with revenues of $1 million or less, while SDNB originated 40 percent of its loans to businesses of this size.

The fact that 75 percent of the bank's small business loans are in amounts of $250,000 or less is indicative of the emphasis the bank has placed on making loans to smaller businesses. In addition, 85 percent of the 100 residential real estate-secured business loans, which are not reportable, were made to businesses with revenues of $1 million or less. This is further indicative of the effort the bank made to meet the small business credit needs of its AA.

Community Development Lending

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multifamily loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

The bank's level of community development lending in the AA is excellent. SDNB originated or purchased a very high level of CD loans during the evaluation period. This positively enhanced the bank's performance under the Lending Test. Based on a sampling of CD loans, examiners qualified 61 loans totaling $370.5 million as having a community development purpose. Of the total CD loans, nearly $17 million will help meet the critical need of affordable housing for LMI; $345 million will help revitalize and stabilize LMI areas and/or provide jobs for LMI; and almost $9 million consists of loans to CD organizations that provide services to LMI. In addition, SDNB also provided $33.8 million in CD loans outside its AA; most of these provide affordable housing. No CD loans were considered innovative.

One of the measures of a bank's performance in community development lending is the correlation of the percentage of CD loans relative to the bank's Tier One Capital as defined in the "*Definitions and Common Abbreviations*" section. The bank's level of CD lending represents 148 percent of Tier One Capital as of June 30, 2006. This very high level of CD lending indicates excellent performance. Examples of significant community development projects the bank financed include:

- The bank provided $245 million in financing to construct a 1,190-room hotel which will help revitalize and stabilize an area in downtown San Diego. The project is located within the Centre City Development Corporation ("CCDC") Redevelopment Zone, a State Enterprise Zone, and a HUD Renewal Community area. The project is expected to provide significant community development benefits to the urban core area by creating approximately 800 full-time permanent hotel operation jobs. A majority of these jobs will provide stable employment for LMI persons. While the project is located in an upper-income census tract, the census tracts surrounding the hotel include mostly LMI tracts.

- The bank provided $23.3 million in financing to construct a 200-room hotel at Liberty Station, formerly known as the Naval Training Center (NTC). The project will be located within the NTC Redevelopment Project, which was created due to the closing of the NTC base under the Federal Government Base Closure and Realignment Act. The NTC is currently owned by the City of San Diego Redevelopment Agency. The hotel is expected to provide 67 full-time permanent jobs for predominantly LMI persons. This will help revitalize and stabilize the LMI areas surrounding the hotel through permanent job creation.

- SDNB provided $19.7 million in financing for a 150-room hotel to be located within the same NTC Redevelopment Project discussed above. This project is also expected to provide much needed permanent employment for LMI persons. Approximately 97 percent of the full-time employees are projected to earn wages that are below 80 percent of the median family income.

- SDNB provided $1.7 million to finance the purchase of a 33-unit multifamily housing complex in the city of Chula Vista. The property is designed to provide affordable housing for LMI individuals. It is located in a moderate-income census tract and is surrounded by moderate-income geographies.

- The bank originated $1.3 million to finance an approved development of a 100-unit apartment and walk-up retail project in downtown San Diego. The property is located within the city's North Targeted Employment Area, the Metro Enterprise Zone, the Centre City Redevelopment Project, the Renewal Community, and a Property-Based Improvement District. The project is in a moderate-income census tract and surrounded mostly by low- and moderate-income geographies. Approximately 10 to 20 percent of the units will be designated for low- and moderate-income individuals. In addition, this project will provide jobs for LMI individuals. As a HUD-designated Renewal Community, the city is eligible for tax incentives to stimulate job growth, promote community revitalization, and create affordable housing.

Product Innovation and Flexibility

SDNB's loan product flexibility reflects positively on the overall Lending Test performance. No loan products are considered innovative.

SDNB has implemented flexible loan underwriting to help address the credit needs of LMI persons and geographies. The following are some examples of loan products with flexible terms:

The bank's "Accommodation Cashline" is a line of credit designed for LMI individuals who may otherwise not qualify for bank credit due to insufficient or blemished credit history. The CRA Officer performs a second review of all denied applications from LMI individuals to determine if a lower credit limit can be granted. This flexibility allows LMI persons to qualify for credit which is intended to enhance their FICO scores and facilitate obtaining future credit without higher sub-prime interest rates. During the evaluation period, the bank originated 19 such lines of credit ranging from $100 to $350.

The bank implemented flexible underwriting to accommodate fixed-income and payment conscious senior citizens. This program provides more liberal amortization for second trust deed loans with fixed terms. The program extends the amortization of 15-year second trust deed mortgages over 30 years to allow more lower-income seniors to qualify within the bank's debt-to-income parameters. Since the program started in 2005, the bank originated 13 such loans totaling $1.4 million.

The bank's Community Lending group offers a "OneStep Small Business Loans/Lines" product to small businesses to finance working capital, equipment purchases, tenant improvement, or business expansion for amounts from $10,000 to $250,000. The product offers streamlined "No Tax returns/Financial statements required" for small loans up to $35,000, with terms of interest only and a two-year maturity for lines of credit. During the evaluation period, SDNB originated 92 such loans/lines totaling $7.2 million. Approximately 43 percent of these businesses reported annual revenues of less than $1 million. This reflects the bank's responsiveness to an identified need for small business loans in the AA.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "Outstanding." The bank's performance in the San Diego MSA is excellent.

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

The key findings that support the rating include:

- SDNB provided a significant number and dollar volume of qualified investments to benefit its AA during this evaluation period. This conclusion considers the investment opportunities within the AA and the bank's capacity to address the needs in its AA.

- The bank's qualified investments are very responsive to the identified needs of the San Diego MSA.

- In addition to the $19 million in investments in the AA, the bank made a qualified investment outside its AA totaling $3.5 million to help provide affordable housing for LMI in an adjacent county.

SDNB demonstrated excellent responsiveness to the AA's community development needs with $19 million in equity investments and donations. This represents nearly 8 percent of the bank's Tier One Capital. The bank funded $14 million during the current evaluation period; $5 million remains outstanding from prior evaluation periods. Qualified investments primarily support community services targeted to LMI individuals and affordable housing for LMI households. None of the investments is considered to be complex or innovative.

During the review period, the bank made 11 equity investments totaling $12 million, of which $8 million represents annual renewals of a certificate of deposit in a Community Development Financial Institution. SDNB also purchased preferred shares totaling $4 million, which is allocated to a multifamily affordable housing unit.

The bank made monetary donations totaling $2 million to over 250 various organizations. Over $1.5 million represents donations to organizations that provide community services targeted to LMI individuals. The types of services the CD organizations provide include assistance to help prepare students for college, emergency shelter, food, clothing, medical care, literacy programs, child care, and credit and job training.

Prior period investments include $2 million in a CRA Qualified Investment Fund that consists of fixed income securities which continue to support affordable housing projects in the AA. In addition, $2 million remains outstanding in a Housing and Urban Development Senior Housing bond that helped fund health care facilities for elderly LMI individuals. Other outstanding qualified investments of $1 million helped support real estate lending for physicians and child care providers in LMI communities; loans to small businesses and economic development organizations that fall outside traditional lending practices; business and credit training to refugees, which enables them to receive start-up loans after a ten-week training session; an equity investment in a Community Development Financial institution; and scholarships to students from LMI families.

SDNB also made a qualified investment outside of its AA. The bank purchased preferred shares of $3.5 million, which helps support a multifamily housing unit in an adjacent county.

SERVICE TEST

Conclusions for Area Receiving Full-Scope Review

The bank's performance under the Service Test is rated "Outstanding." Based on a full-scope review, the bank's performance in the San Diego MSA is excellent.

The key findings that support the rating include:

- The distribution of branches is excellent. The branches are readily accessible to geographies and individuals of different income levels.

- Branch openings or consolidations did not adversely affect the accessibility of the bank's delivery systems, particularly to LMI individuals.

- Bank services are tailored to the needs of the AA and do not vary in a way that would inconvenience portions of the AA, particularly LMI individuals or geographies.

- SDNB is a leader in providing community development services. The bank provides an excellent level of community development services that are responsive and supportive of the community development needs in the AA.

Retail Banking Services

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

Branch Distribution

The distribution of SDNB's 21 branches among geographies of different income levels is excellent when compared to 2000 U.S. Census data.

The percentage of the bank's branches in low-income geographies substantially exceeds the percentage of the population residing in these geographies. And, the percentage of branches in moderate-income geographies compares very favorably to the percentage of the population residing in moderate-income geographies. In addition, several of the 21 branches are located in various designated redevelopment areas. Three branches are in State Defined Redevelopment Zones; two branches are in Federal HUD Urban Renewal Communities; and four branches are in Economic Development Administration (EDA) "Distressed Community" census tracts.

The bank's record of opening and closing branches has been positive with a net increase of five offices since the last CRA examination. The bank has not closed any offices since the last CRA examination.

In 2003, the bank opened the Pacific Beach office in a middle-income census tract. In 2004, the bank opened the Rancho San Diego office in a middle-income census tract. In 2005, the bank opened three offices, as follows: the Vista office in a moderate-income census tract; the Oceanside office in a middle-income census tract; and the Mira Mesa office in an upper income census tract. The bank also relocated the Encinitas office from a middle-income census tract to an upper-income census tract.

Branch hours provide reasonable access to banking services. All of the branches are open Monday through Thursday from 9:00 A.M. to 4:00 P.M., and Friday from 9:00 A.M. to 6:00 P.M. The exception is the Downtown branch, which is open Monday through Friday from 9:00 A.M. to 4:30 P.M. In addition, all branches are open Saturday from 9:00 A.M. to 1:00 P.M., except the Downtown, Encinitas, Golden Triangle, and Mission Valley branches. The Downtown

branch, situated in a low-income census tract, is not open Saturday. This does not arbitrarily exclude access to banking services for LMI persons because this location is predominantly business-oriented with offices, restaurants and hotels, as well as high-end residential condominiums. The other offices that are closed on Saturday are in either middle- or upper-income census tracts.

Retail Services and Alternative Delivery Systems

The bank's retail services and alternative delivery systems are responsive to the needs of the community. The bank offers a wide range of consumer and business loan and deposit products at each of its full-service branch locations.

Significant examples include "Budget Checking," a deposit product specifically targeted to LMI individuals. The account allows a low opening balance, has no monthly service fee with a payroll, retirement, or Social Security direct deposit, and has no transaction fees for up to eight checks per statement period. SDNB also offers free access to account information 24 hours a day through the "Bank-by-Phone" service. Banking products are available on-line to businesses as well as individuals, and personal on-line banking is offered free of charge. To assist the traditionally underserved Hispanic population with access to banking services, SDNB provides Spanish-language translations of its products and services brochures. Because no specific data were readily available, the OCC did not place significant weight on the affect of the bank's alternative delivery systems on LMI individuals.

SDNB offers proprietary ATMs at all branch locations. Since the last examination, the bank added an ATM at the Mission Valley branch and at the relocated Encinitas branch, in middle- and upper-income census tracts, respectively. The distribution of ATMs in low- and moderate-income census tracts exceeds the percentage of the population residing in each of these geographies. SDNB does not charge its customers for ATM use.

Community Development Services

SDNB provides an excellent level of community development services that are responsive and supportive of the needs of LMI families in the AA.

Senior management has taken a leadership role in developing programs that promote community development. SDNB strongly encourages employee involvement in various CD services. Approximately 30 bank employees actively participate in more than 50 community services organizations. Community development services include board and loan committee memberships, financial education, fundraising, and various activities that benefit LMI individuals, families, and geographies.

Some examples of the bank's CD services which are significant and innovative, as well as CD services where the bank assumed a leadership role follow.

- SDNB's Vice President of Marketing is the founding chairperson of the Financial Literacy Initiative Task Force for the City of San Diego's local school district. Currently, the Task Force is developing a special financial literacy curriculum to be integrated into LMI areas of the school district. The school district incorporates the majority of the urban LMI population within the MSA. The bank's CRA Officer is also a founding member of the task force, and

serves as the liaison to the City and County Reinvestment Task Force where he has been a government-appointed board member since the bank's last CRA examination.

- The bank's President and Chief Executive Officer hosted the initial capital campaign event and continues to lead fundraising efforts for a local innovative program. This program enables students in urban areas to learn financial literacy through on-site job assignments, including paycheck negotiation and other bank transactions within a live "on-site bank." The majority of the students benefiting from this program will be LMI. The President/Chief Executive Officer is one of four top-tier regional co-chair fundraisers of the capital campaign to finance the building that will enable San Diego to house the ninth "Enterprise Village" in the nation. In addition, SDNB's Senior Vice President and Commercial Division Manager also served as board chairperson and remains a member of the fundraising board.

- The bank's CRA Officer has served on the board, and in 2006 became the chairman of the board of a small-business micro lender organization that serves to address a specifically-identified community credit need (micro-loans for small businesses). He also chairs the Credit Subcommittee, and has served as treasurer of this organization for several years.

- The CRA Officer is the chairperson of the Metro Revolving Loan Fund of a local CD initiative which provides small loans for businesses in "targeted distressed areas" for equipment purchases and working capital loans at favorable terms. He also chairs the San Diego Regional Revolving Loan Fund which provides loans for rehabilitation, construction, and working capital loans for small businesses in "targeted distressed" areas in central and south San Diego, as well as the City of Chula Vista.

- The CRA officer provides his expertise to an organization that helps nonprofit community development organizations provide affordable housing and rehabilitate distressed neighborhoods through loans, grants, equity investments, and technical and management assistance. He has chaired the Local Advisory Board of this nationally known organization since the bank's last CRA examination and has also served as chairperson of the board's loan committee.

- The CRA Officer has served on the board and is currently the Vice President of Finance and chairperson of the finance committee of a nationally known organization that meets an identified and significant community development need for affordable housing for LMI.

It is important to note that SDNB was one of the banks that led a consortium of banks, community organizations, and funders to convince a national organization whose focus is affordable housing for LMI to keep its San Diego program open.

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").

Time Period Reviewed	Lending Test (excludes CD Loans): (01/01/03 to 12/31/05) Investment and Service Tests and CD Loans: (07/08/03 to 08/21/06)	
Financial Institution		**Products Reviewed**
San Diego National Bank San Diego, CA		--Home mortgage loans, including home purchase, home improvement, home refinance, and multifamily loans; --Small loans to businesses; --Community development loans; --Other loan products; --Community development investments; --Community development services; and --Retail banking services.
Affiliate(s)	**Affiliate Relationship**	**Products Reviewed**
None		None
List of Assessment Areas and Type of Examination		
Assessment Area	**Type of Exam**	**Other Information**
San Diego MSA (#41740)	Full-Scope	None

Appendix B: Market Profiles for Full-Scope Areas

San Diego-Carlsbad-San Marcos MSA (41740)

Demographic Information for Full Scope Area: 2004 San Diego AA (41740)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	605	7.93	22.48	37.69	31.40	0.50
Population by Geography	2,813,833	7.78	24.46	37.46	30.01	0.30
Owner-Occupied Housing by Geography	551,489	2.30	14.03	41.01	42.66	0.00
Business by Geography	216,027	5.01	22.02	37.41	35.52	0.04
Farms by Geography	3,911	3.07	19.05	41.01	36.84	0.03
Family Distribution by Income Level	669,102	21.02	17.91	20.09	40.98	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	260,483	13.60	34.90	35.56	15.94	0.00
Median Family Income HUD Adjusted Median Family Income for 2006 Households Below Poverty Level		53,544 64,900 10%	Median Housing Value Unemployment Rate (July 2006)		229,602 4.8%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 US Census and 2004 HUD updated MFI

Based on 2000 U.S. Census data, the bank's assessment area consists of 605 census tracts in the San Diego-Carlsbad-San Marcos MSA. The MSA has only one county—San Diego County. Forty-eight (48) or 6 percent of the census tracts are low-income; and 135 or 22 percent are moderate-income. The census data indicates the area has a population of 2.5 million. However, recent data indicates that between 2004 and 2005 43,126 more people moved out of the area than moved in, largely due to the lack of affordable housing options in the area.

The overall area comprises 19 jurisdictions, including 18 cities of which the city of San Diego is the largest with a population of 1.2 million. The most heavily populated areas are located along the coast where jobs are concentrated in the military, biotechnology, commercial, international trade, tourism, and professional services. Inland areas have more of an agricultural presence. Several Indian tribes and reservations are located within the county, with Native Americans comprising one percent of the area's population. There is a tribally-owned bank, Borrego Springs, N.A. located within the county.

San Diego is the seventh largest city in the United States and the second largest in California. The Milken Institute has labeled the city as the 29th top performing city in the country. While this is still high, the rating has declined considerably from fifth in 2002. The area's

unemployment rate was at 4.3 percent as of July 2006. This is lower than the state and national unemployment rates, both at 4.8 percent as of July 2006. The 2006 HUD updated median household income for the San Diego MSA is $64,900. While the San Diego economy is one of the strongest in California, most new jobs do not have salaries that match the cost of housing in the region. From 2001 through 2003, 61 percent of the jobs created in the AA have been in categories with salaries averaging less than $25,000 per year.

The San Diego area is one of the least affordable in the nation. Over the past decade, the cost of housing skyrocketed, creating a housing crisis for the area. The median home price is $607,000. The average monthly rent for a two-bedroom apartment is $1,148. The rental vacancy rate is 2 percent. A majority of the families who purchase homes can only afford the mortgage payments by opting for nontraditional types of credit. In 2005 more than 70 percent of home loans made in San Diego County were interest-only or negative amortization loans where homeowners were paying no principal and only a portion of the interest on the loans.

To exacerbate the problem, a substantial majority of the homes built during the past 15 years have been affordable only to families that have incomes above the moderate-income range. Only a small percentage of the homes have been built for low and very low-income families. Very few or no homes have been built for moderate-income families. Further affecting the area's housing supply is the dramatic decrease in multifamily housing. Currently, only seven percent of the remaining 28,400 acres of vacant land in the 18 cities is planned for multifamily densities of 12 or more homes per acre. The shortage and high cost of housing has forced large numbers of the workforce to live in surrounding counties and in Mexico.

Due to the region's location in Southern California on the Pacific Rim and its proximity to the Mexican border, the area is attractive to businesses seeking to take advantage of the North American Free Trade Agreement (NAFTA). There is a Memorandum of Understanding (MOU) between the City of San Diego and Tijuana. Businesses locating in the area are able to take advantage of a Foreign Trade Zone that provides a means of reducing or deferring customs duties, thus increasing cash flow. NAFTA has enhanced the creation of "twin plants" or maquiladoras, located on both sides of the border in Tijuana and the Otay Mesa section of the city.

We contacted three community organizations (affordable housing, economic development, and quasi-governmental) and reviewed two other community contacts to determine the community development and credit needs of the bank's AA. Community contacts indicate one of the most significant needs in the AA is affordable housing for low- and moderate-income individuals. Banks can assist by financing multifamily housing projects that provide affordable housing for LMI households. Contacts also noted the need for banks to provide low cost check cashing services and low cost home mortgage and other types of consumer loans to respond to the needs of LMI individuals, including military personnel, who are often targeted by predatory and payday lenders. And there is a continuing need for all types of small business loans, including micro loans.

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: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

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

Table 1. **Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank's assessment area may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Community Development Loans" column with the appropriate caption, such as: "Statewide/Regional," "Statewide/Regional with potential benefit to one or more AAs" or "Out of Assessment Area." "Out of Assessment Area" is used ONLY if the bank has otherwise adequately met the CD lending needs of its assessment area.

Table 1. **Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.

Table 2. **Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

Table 3. **Geographic Distribution of Home Improvement Loans** - See Table 2.

Table 4. **Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.

Table 5. **Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

Table 6. **Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to $1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

Table 7. **Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to $500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

Table 8. **Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.

Table 9. **Borrower Distribution of Home Improvement Loans** - See Table 8.

Table 10. **Borrower Distribution of Refinance Loans** - See Table 8.

Table 11. **Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to $1 million) originated and purchased by the bank to businesses with revenues of $1 million or less to the percentage distribution of businesses with revenues of $1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.

Table 12. **Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to $500,000) originated and purchased by the bank to farms with revenues of $1 million or less to the percentage distribution of farms with revenues of $1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

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

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

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column with the appropriate caption, such as: "Statewide/Regional," "Statewide/Regional with potential benefit to one or more AAs" or "Out of Assessment Area." "Out of the Assessment Area" is used ONLY if the bank has otherwise adequately met the qualified investment needs of its assessment area.

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.

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Table 1. Lending Volume

LENDING VOLUME 2005		Geography: SAN DIEGO AA (41740)						**Evaluation Period**: JANUARY 1, 2004 TO DECEMBER 31,				
MA/Assessment Area (2004):	% 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)	
Full Review:												
2004 San Diego AA	100.00	255	79,517	642	137,002	0	0	61	370,511	958	587,030	100.00

* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.
** The evaluation period for Community Development Loans is from July 8, 2003 to August 21, 2006.
*** Deposit Data as of September 05, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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Table 1. Other Products

LENDING VOLUME 2005		Geography: SAN DIEGO AA (41740)								**Evaluation Period**: JANUARY 1, 2004 TO DECEMBER 31,				
MA/Assessment Area (2004):	% 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)	
Full Review:														
2004 San Diego AA	100.00	73	24,705	73	24,705	0	0	0	0	0	0	0	0	100.00

* Loan Data as of December 31, 2005. Rated area refers to either state or multi-state MA rating area.
** The evaluation period for Optional Product Line(s) is from January 01, 2004 to December 31, 2005.
*** Deposit Data as of September 05, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE DECEMBER 31, 2005 | Geography: SAN DIEGO AA (41740) | **Evaluation Period**: JANUARY 1, 2004 TO

MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
2004 San Diego AA (41740)	7	100.00	2.30	14.29	14.03	14.29	41.01	42.86	42.66	28.57	0.00	0.00	0.00	0.00	0.00

* Based on 2004 Peer Mortgage Data (Western)
** 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 units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT Geography: SAN DIEGO AA (41740) **Evaluation Period**: JANUARY 1, 2004 TO DECEMBER 31, 2005

MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
2004 San Diego AA (41740)	88	100.00	2.30	6.82	14.03	18.18	41.01	36.36	42.66	38.64	0.16	0.24	0.18	0.10	0.22

* Based on 2004 Peer Mortgage Data (Western)
** 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 units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2005			Geography: SAN DIEGO AA (41740)								**Evaluation Period**: JANUARY 1, 2004 TO				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
2004 San Diego AA (41740)	90	100.00	2.30	3.33	14.03	21.11	41.01	34.44	42.66	41.11	0.01	0.02	0.01	0.01	0.01

* Based on 2004 Peer Mortgage Data (Western)
** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.
**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY DECEMBER 31, 2005			Geography: SAN DIEGO AA (41740)						**Evaluation Period**: JANUARY 1, 2004 TO						
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% BANK Loans****	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
2004 San Diego AA (41740)	70	100.00	11.77	37.14	32.61	40.00	37.33	20.00	18.29	2.86	4.12	5.43	4.28	3.08	2.50

* Based on 2004 Peer Mortgage Data (Western)
** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.
*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.
**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

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Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES Geography: SAN DIEGO AA (41740) **Evaluation Period**: JANUARY 1, 2004 TO DECEMBER 31, 2005

MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
2004 San Diego AA (41740)	642	100.00	5.01	7.17	22.02	21.03	37.41	38.63	35.52	33.18	0.31	0.48	0.36	0.33	0.28

* Based on 2005 Peer Small Business Data -- US and PR

** 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.

*** Source Data - Dun and Bradstreet (2005).

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Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE 31, 2005 | Geography: SAN DIEGO AA (41740) | **Evaluation Period**: JANUARY 1, 2004 TO DECEMBER

MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families[1]	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
2004 San Diego AA (41740)	7	100.00	21.02	14.29	17.91	28.57	20.09	14.29	40.98	42.86	0.00	0.00	0.00	0.00	0.00

* Based on 2004 Peer Mortgage Data (Western)
** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.
*** Percentage of Families is based on the 2000 Census information.
**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
[1] Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT Geography: SAN DIEGO AA (41740) **Evaluation Period**: JANUARY 1, 2004 TO DECEMBER 31, 2005

MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families[2]	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
2004 San Diego AA (41740)	88	100.00	21.02	5.68	17.91	21.59	20.09	12.50	40.98	60.23	0.17	0.65	0.36	0.04	0.17

* Based on 2004 Peer Mortgage Data (Western)
** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.
*** Percentage of Families is based on the 2000 Census information.
**** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
[2] Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE | Geography: SAN DIEGO AA (41740) | **Evaluation Period**: JANUARY 1, 2004 TO DECEMBER 31, 2005

MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families[3]	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
2004 San Diego AA (41740)	90	100.00	21.02	5.56	17.91	10.00	20.09	25.56	40.98	58.89	0.01	0.03	0.01	0.03	0.01

* Based on 2004 Peer Mortgage Data (Western)
** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.
*** Percentage of Families is based on the 2000 Census information.
**** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.
[3] Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

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Table11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES Geography: SAN DIEGO AA (41740) **Evaluation Period**: JANUARY 1, 2004 TO DECEMBER 31, 2005

	Total Small Loans to Businesses		Businesses With Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
MA/Assessment Area:	#	% of Total**	% of Businesses***	% BANK Loans****	$100,000 or less	>$100,000 to $250,000	>$250,000 to $1,000,000	All	Rev$ 1 Million or Less
Full Review:									
2004 San Diego AA (41740)	642	100.00	65.53	40.19	48.60	25.08	26.32	0.31	0.24

* Based on 2005 Peer Small Business Data -- US and PR

** 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.

*** Businesses with revenues of $1 million or less as a percentage of all businesses (Source D&B - 2005).

**** 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 4.21% of small loans to businesses originated and purchased by the bank.

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Table 14. Qualified Investments

QUALIFIED INVESTMENTS 2006	Geography: SAN DIEGO AA (41740)				**Evaluation Period**: JULY 8, 2003 TO AUGUST 21,				
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	$(000's)	#	$(000's)	#	$(000's)	% of Total	#	$(000's)
Full Review:									
2004 San Diego AA (41740)	10	$5,189	290	$14,135	300	$19,254	100.00	0	0

* 'Prior Period Investments' means investments made in a previous 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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS JULY 8, 2003 TO AUGUST 21, 2006																	
Geography: SAN DIEGO AA (41740)															**Evaluation Period:**			
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
2004 San Diego AA (41740)	0.00	21	100.00	14.29	23.81	33.33	28.57	6	0	0	1	3	2	7.78	24.46	37.46	30.01