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# **Public Disclosure**

**April 3, 2000**

## **Community Reinvestment Act Performance Evaluation**

**Bay View Bank, N.A.  
Charter Number: 23770**

**1840 Gateway Drive, Suite 300  
San Mateo, California 94404**

**Office of the Comptroller of the Currency  
Southwestern District Office  
500 N. Akard Street, Suite 1600  
Dallas, Texas 75201-3342  
<http://www.occ.treas.gov>**

**NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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## General Information

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the CRA performance of **Bay View Bank, N.A.** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **April 3, 2000**. 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. The United States Census Bureau has established BNAs 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 thousand.

**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, number and dollar amount of investments, branch distribution).

**Low-Income** - Income levels that are less than 50% 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% and less than 120% of the MFI.

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

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

**Small Farm Loans** - Loans with original amounts of \$500 thousand 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% or more of the MFI.

## Overall CRA Rating

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

The following table shows the performance level of Bay View Bank, N.A. (the bank) with respect to the Lending, Investment, and Service Tests:

Performance Levels	Bay View Bank, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- An excellent geographic distribution of multifamily HMDA loans.
- An excellent distribution of loans to businesses with revenues less than \$1 million.
- An adequate geographic distribution of small business loans.
- Bay View Bank has a good level of community development lending. The loans are very responsive to credit needs within the bank's assessment area, primarily through the financing of critically needed affordable housing projects throughout the assessment areas.
- The bank has an adequate level of investments benefiting the San Francisco assessment area. The investments represent 1.4% of Tier I capital and show a good responsiveness to community credit needs.
- Bay View Bank provides banking services that are accessible to low-income geographies and individuals and reasonably accessible to moderate-income geographies and individuals.
- Bay View Bank provides a good level of community development services.

## Description of Bay View Bank, N.A.

The bank is an 87-year-old banking institution that converted to a national bank charter on March 1, 1999. It operates as an intrastate bank, and is wholly owned by Bay View Capital Corporation located in San Mateo, California. The bank represents a substantial majority of Bay View Capital Corporation's operations. The bank operates 58 branches in the greater San Francisco Bay Area.

As of December 31, 1999, the bank had total assets of slightly more than \$6 billion. Total loans were a little more than \$4 billion. The loan portfolio is comprised 27% of one to four family residential loans secured by first and second liens, 2% revolving loans secured by one to four family residences, 8% loans secured by multifamily properties, and 13% personal loans to individuals. Commercial and industrial loans and loans secured by commercial real estate comprise 22% and 8% of the portfolio, respectively.

The bank has been fairly aggressive in the past few years in moving the portfolio away from Bay Area/Northern California single family residential loans to a more balanced portfolio with growing commercial and consumer finance segments. The focus has shifted to include all Western states, although the bank's primary assessment area for CRA purposes is the San Francisco-Oakland-San Jose CMSA. The bank has diversified the portfolio primarily through purchased loans and acquisitions of subsidiaries. Single family residential loans reported for HMDA were a result of the acquisition of Eureka Bank's mortgage loan portfolio in conjunction with the acquisition of its parent company AFEH. This portfolio was subsequently sold. The bank intends to remain active in multifamily housing, income property and commercial real estate lending. The branches offer a general line of traditional lending products. Auto paper is generated through various wholly owned subsidiaries that operate in southern California. Asset based commercial lending and leasing is done through several subsidiaries. Small business lending is done internally and through subsidiaries located throughout the United States.

Previously, the bank received a "Satisfactory" rating by the Office of Thrift Supervision at the examination dated October 31, 1998.

Bay View Bank's Tier 1 Capital as of December 31, 1999, was \$409 million. There are no legal, financial or other factors impeding the ability of the bank to meet the credit needs of its assessment areas.

## Description of the Assessment Areas

In this section, we describe each of Bay View Bank's CRA assessment areas, and the identified credit and community development needs. Appendix B provides basic demographic information for each of the assessment areas. While the bank's assessment areas encompasses the ten counties in the San Francisco-Oakland-San Jose CMSA, and the five counties in the Los Angeles-Riverside-Orange County CMSA, the bulk of the bank's community development efforts take place in Northern California, primarily in the Bay Area and Silicon Valley.

For our purposes, the Bay Area generally refers to San Francisco, San Mateo, Alameda and Contra Costa counties. Silicon Valley, for purposes of this evaluation, generally refers to the fifteen cities in

Santa Clara County and includes some overlap into Alameda County (3 southern most cities) and San Mateo County (3 southern most cities).

The bank's assessment areas meet the requirements of the regulation and do not arbitrarily exclude any LMI geographies. A large number of banks and financial service providers operate in the assessment areas. The largest financial institutions offering business and retail products in the market area are Wells Fargo Bank, Union Bank of California, Bank of America, Citibank and Washington Mutual. Additionally, there are several mid-sized and credit card banks including California Bank & Trust, California Federal, Sanwa, Bank of the West, U.S. Bank, N.A., American Express, and MBNA America, N.A., competing for small business and other lending opportunities



## Scope of Evaluation

### **Evaluation Period and Products Evaluated:**

We evaluated Bay View Bank's performance using Small Business, Home Mortgage, and Consumer loan data for the period between January 1, 1998 and December 31, 1999. Our assessment period for community development activities and retail banking services was from January 1, 1998 through April 3, 2000. The starting date of the assessment period overlaps the ending date of data considered during the last CRA Performance Evaluation due to the requirement that at least two prior years of data is considered in the performance evaluation. The consumer loans were reviewed at the bank's request. Bay View Bank does not make small farm loans, and is not located in an area where small farm loans are considered a critical need.

### **Data Integrity:**

We found no material errors in the bank's submission of Small Business or Home Mortgage loan data. We reviewed all of the community development loans and investments submitted, and sampled community development services. We consider the data disclosed in the Appendix C tables to be reliable.

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

We performed a full-scope review of the San Francisco-Oakland-San Jose CMSA. We selected the San Francisco-Oakland-San Jose CMSA because it is where the core banking business is located and represents 78% of the total reported CRA loans and 99% of total deposits.

### **Ratings:**

Our analysis of Bay View's performance is based primarily on the performance in the San Francisco-Oakland-San Jose Consolidated Metropolitan Statistical Area (CMSA). However, we also considered Bay View's performance in the Los Angeles-Riverside-Orange County CMSA as reflected in the tables in Appendix C.

### **Assessment Area Needs:**

We conducted five interviews with persons representing community and economic development organizations during the course of this CRA examination. We also reviewed information from twelve other community organizations (prior contacts). The organizations interviewed and those reviewed from previous community contacts are located throughout the bank's assessment areas.

Those interviewed included affordable housing developers and lenders, and economic development organizations (including intermediaries which lend to small businesses and non-profits, and who also provide training and technical assistance). Highlights of the issues/concerns that they identified as being the most critical community credit needs follow.

The affordable housing providers described the affordable housing shortage in the state, especially in the Bay Area and Silicon Valley region. They likewise noted the unusually high cost of housing in this region. They expressed a need for more flexible underwriting criteria as well as subsidy funds for first time homebuyers. They acknowledged that lenders are reluctant to participate in such programs because of the perceived higher risk. Unfortunately, although several of the organizations with affordable housing lending programs have never experienced any loan losses, lenders are still averse to participating. Other critical needs identified included: refinancing of existing loans, supporting the preservation of existing affordable housing stock, and financing of land acquisition to ensure the development of future multi-family projects.

The economic development intermediaries identified a need for equity capital, capital funding (including micro lending) for start-up, and small businesses in a growth or expansion mode. They expressed the critical need for quality technical assistance and training for small business owners and new entrepreneurs. Several noted that even though Bay View Bank is not currently an SBA lender, it has exhibited particular interest and efforts in the small business arena, especially as it relates to training and provision of technical assistance. They added that often, depending on timing, technical assistance is more important than the access to capital, stressing that quality technical assistance and training could be a positive factor in the small business obtaining capital at a later time.

The Bay Area is considered to have a high level of investment opportunities. Because of its size and level of staffing, the bank is considered to have a moderate ability to develop and exploit investments in its assessment area.

## **Fair Lending Review**

During our CRA examination, we performed a fair lending examination. The scope of the fair lending examination included a review of systems and controls that are designed to prevent discriminatory activity including policies and procedures, employee training, internal audit, and management supervision.

We did not find any reason to believe that disparate treatment occurs on a prohibited basis in the bank's underwriting of loans. Furthermore, the bank has instituted a satisfactory process to help ensure ongoing compliance with fair lending laws and regulations. We found no substantive violations of fair lending laws and regulations.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Area Receiving Full-Scope Review:

Lending Test performance is rated “High Satisfactory” based on the bank’s performance in the San Francisco-Oakland-San Jose Full-Scope Assessment Area. Factors supporting this rating are;

- A good level of lending activity.
- An excellent geographic distribution of multifamily HMDA loans.
- An adequate geographic distribution of small business loans.
- An excellent distribution of loans to business with revenues less than \$1 million.
- A good level of community development lending.

Because of the high cost of housing in the bank’s assessment area, we gave significant weight to the bank’s multifamily lending. The median housing price in the Bay Area makes owning a home unaffordable to a large percentage of the population. We therefore gave consideration to the number of units of housing the bank was facilitating through its loans in low-and moderate-income geographies. Due to the portfolio structuring that the bank undertook during its reorganization as a commercial bank, the bank ceased to offer single family residential loans. The bank purchased the majority of the single family residence loans reported for CRA when it acquired the portfolio of Eureka Bank. Because the distribution of these loans is a reflection of the performance of an entirely separate bank, we only briefly discuss the distribution of these loans. Their contribution to the overall lending test rating is given a low weight. In addition, family income information is not reported for purchased single family residence loans; therefore analysis of income distribution was not performed on these loans. Consumer lending was given relatively less weight because it was not identified as a critical credit need in either of the assessment areas.

#### Lending Activity:

*Refer to Table 1 in Appendix D for the data used in this analysis.*

The bank made \$757 million in reportable CRA loans during the assessment period. Half were multifamily home mortgages. The bank’s lending volume was very responsive to the needs of the assessment area with regard to multifamily home mortgage loans. Bay View Bank ranks fourth among Bay Area banks with 6.8% of the market share of multifamily loans, although having only 2.35% of the market share of deposits.

The bank's market share of loans in other categories was not significant because of the large numbers of lenders operating in the Bay Area. However, relative to the bank's asset size, the number and dollar volume of reportable CRA loans would still be considered a significant level of lending. During the assessment period, the bank's loan portfolio grew a substantial amount from \$2.4 billion as of December 31, 1997 to \$4.0 billion as of December 31, 1999, with CRA reportable loans representing about 45% of this growth. Regardless of market share, this level of growth is considered a good level of activity for a bank of this size. The current asset size is after the sale of \$555 million in single family and multifamily residences during 1999. In addition to its reportable CRA loans, the bank originated \$1.6 billion in consumer loans of which \$613 million was originated within the assessment area. This level of lending resulted in \$399 million in home equity loans and \$216 million in auto loans within the assessment areas.

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

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

We identified one cluster of eleven low- and moderate-income census tracts in the San Francisco assessment area where the bank did not have at least one borrower for consumer, HMDA, or small business loans in 1998 and 1999. However, the gap is not considered detrimental to the bank's evaluation because it is in or near the downtown Oakland area where the bank does not have any branch locations and the census tracts are served by other banks.

#### ***Home Mortgage Loans:***

The bank's home mortgage loans reviewed in this evaluation are loans purchased by the bank as a result of acquisition of subsidiaries. As mentioned previously, the bank has not been an active originator of single family home mortgage loans since 1996. The geographic distribution of home purchase, improvement, and refinance loans is uniformly poor. For all three products, the percentage of the bank's lending in low- and moderate-income census tracts is equal to half or less of the percentage of owner occupied units in these census tracts.

#### ***Multifamily Home Mortgage Loans:***

The geographic distribution of multifamily loans is excellent. Although not reflected in the tables, the percentage of the bank's loans made in low-income census tracts exceeds the percentage of multifamily units located in those tracts. Similarly, the percentage of loans made in moderate-income tracts is higher than the demographics for those tracts. The bank financed a total of 236 properties providing 4,502 units of housing in low- and moderate-income census tracts.

#### ***Small Business Loans:***

The geographic distribution of small business loans is adequate. The percentage of small business loans in low- and moderate-income geographies is less than the percentage of businesses in each tract. However, the bank's lending is not significantly less than other lenders operating in the assessment area.

The bank's market share in low-income geographies is less than its overall market share, however it is equal to the overall market share in moderate-income geographies.

### ***Consumer Loans:***

The geographic distribution of consumer loans is poor. The pattern of the bank's lending to low-income census tracts is substantially below the demographics for low-income tracts. Performance in moderate-income tracts is better, but still poor overall. The percentage of the bank's consumer loans in these tracts well below the percentage of the population living in these tracts. This category is not given significant weight because the need for consumer loans was not considered critical in the assessment area, and the loans are not a significant component of the bank's operations or strategy.

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

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

### ***Home Mortgage Loans:***

We could not perform an analysis of the borrower distribution of home mortgage loans because information on the purchased home mortgage loans, which make up the majority of the bank's reported loans, was not available. As mentioned previously, this loan category was not given significant weight because it is not reflective of the performance of Bay View Bank's management and operations. It is a reflection of the operations of Eureka Bank, which is no longer in existence.

### ***Small Business Loans:***

The borrower distribution of small business loans is excellent. The percentage of the bank's loans made to businesses with gross revenues of \$1 million or less is higher than the percentage of these businesses in the assessment area. The bank's performance also exceeds the aggregate performance of all other lenders in the assessment area. The bank's market share of loans to businesses with revenues of \$1 million or less is equal to twice its overall market share for all small business loans. The fact that 81% of the loans were in amounts of \$100 thousand, or less, indicates a good responsiveness to the need of small businesses for loans in small amounts.

### ***Multifamily Home Mortgages:***

Analysis of the distribution of multifamily loans by the income of the borrower is not applicable because income information is reported on the entity, and not the individual residents of the multifamily project. To understand the impact these loans had on the needs of the community, we reviewed a group of the properties. We found that although in most cases the owners were charging market rents, the residents tended to be low- and moderate-income. We concluded that the properties were for the benefit of low- and moderate income families, and not a situation where the properties were upgraded and low- and moderate-income families driven out.

***Consumer Loans:***

Borrower distribution of consumer loans is good. The percentage of bank loans to low-income borrowers is less than the percentage of low-income borrowers in the assessment area. The percentage of bank loans to moderate-income borrowers is slightly more than the percentage of moderate-income borrowers in the assessment area.

**Lending Inside, Versus Outside of the Assessment Areas:**

The vast majority of the bank's small business, HMDA, and community development loans are located within the bank's assessment areas. By number, almost 100% of the small business loans, and 99% of the HMDA loans are located within the bank's assessment areas. Only 31% of the bank's consumer loans are located in the assessment area due to the nationwide operations of its auto loan division.

**Community Development Lending:**

The quantity and quality of the bank's community development lending is good, and enhances the overall performance of the bank under the lending test. Community development loans total \$13 million, and include eighteen loans and participations in loans. This represents 3% of the bank's Tier 1 Capital. The loans are considered very responsive to credit needs within the bank's assessment area, primarily through financing critically needed affordable housing projects throughout the assessment areas. In addition to direct community development lending, the bank provided guarantees and letters of credit to facilitate affordable housing bonds and other projects. We consider several of these projects to be complex due to the number of participants. The bank issued a standby letter of credit that demonstrated a creative underwriting technique.

The following are examples of community development loans that target low- and moderate-income neighborhoods or individuals:

- A \$1.6 million dollar loan to purchase a fifty seven-unit complex restricted to moderate-income families and individuals. Two of the units are being rehabilitated to make them accessible to the disabled.
- A \$487 thousand loan to purchase a thirteen-unit apartment complex, of which, 62% of the units are restricted to Section 8 housing.
- The bank participated in ten loans totaling \$2 million through an organization devoted to single and multifamily affordable housing in the Bay Area.
- In addition to the reported community development loans, the bank also facilitated community development activities by providing a \$16 million letter of credit to support a bond issue funding a affordable housing project linked to local transit facilities. The bank partnered with city and state agencies, as well as the Federal Home Loan Bank, and one other bank to bring this complex project about. The bank demonstrated additional underwriting flexibility through the subordination of its collateral interest to other participants.

- The bank participates in several complex community development loans and activities that are partially funded by the bank, Federal Home Loan Bank Affordable Housing Program Funds, and other government agencies.

### **Product Innovation and Flexibility:**

Bay View Bank does not offer any innovative lending products, but has recently entered into the Family Loan Program sponsored by the Family Service Agency of San Mateo. The program provides small emergency loans to help low-income people cope with unexpected expenses. The bank has not funded any loans under this program to date.

### **Conclusion for Areas Receiving Limited-Scope Reviews:**

Based on the limited-scope reviews, the bank's performance in the Los Angeles-Riverside-Orange County CMSA is weaker than the performance in the full-scope area. The performance in the limited-scope assessment areas did not have a material affect on the Lending Test rating. Only 18% of the bank's CRA reportable lending was in the limited scope assessment area. Almost 100% of these loans were HMDA single family residence loans purchased through acquisition of subsidiaries. Refer to Tables 1 through 11 in Appendix C, for facts and data supporting these conclusions.

## **INVESTMENT TEST**

### **Conclusions for Area Receiving Full-Scope Review:**

Investment Test performance is rated "Low Satisfactory" based on the bank's performance in the San Francisco-Oakland-San Jose Full-Scope Assessment Area. Factors supporting this rating are:

- The bank's investments benefiting the San Francisco assessment area represent 1.4% of Tier I capital. The San Francisco assessment area is very competitive; consequently, 1.4% is adequate.
- The bank's excellent responsiveness to community credit needs. The primary need is affordable housing, and a substantial majority of the bank's investments are to affordable housing organizations. Seventy-five percent (75%) of the bank's investments benefiting the San Francisco assessment area went to affordable housing organizations.
- The bank had no innovative or complex investments during the assessment period.

### **Dollar Amount of Qualified Investments:**

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



During the assessment period, the bank invested \$4.6 million in the San Francisco assessment area. Approximately 59% of the bank's total investments directly benefited the bank's assessment area. The bank contributed \$311 thousand toward investments that benefit the entire state of California. In addition, the bank contributed \$642 thousand toward investments that benefited the Northern California Region. The entire state and northern California region include the San Francisco assessment area, consequently, 71% of the bank's total investments benefited the San Francisco assessment area.

The bank had two investments, which would not routinely be provided by private investors. First, the bank donated real estate worth \$440 thousand to the Genesis Project. This organization will rehabilitate the property and create a shelter and training facility for homeless individuals. The bank donated to Habitat for Humanity an amount equivalent to the cost to hire a loan processor. The loan processor's salary was \$1,260. Both of these investments benefited the San Francisco assessment area.

The three investments from prior periods represent investments in low income housing tax credits that will maintain existing affordable housing stock through the life of the investment, or equity investment, in a revolving loan fund supporting affordable housing or community development.

### **Responsiveness to Credit and Community Development Needs:**

The bank's investments are very responsive to the needs of the assessment area. The primary need of the assessment areas is affordable housing. Investments and contributions related to affordable housing exceeded \$4 million in the San Francisco assessment area. The bank provided an additional \$100 thousand for affordable housing in the Northern California Region, and \$5 thousand to an affordable housing organization that serves the entire state. Seventy-five percent (75%) of the bank's investments benefiting the San Francisco assessment area were to affordable housing organizations.

### **Innovation and Complexity:**

The majority of the bank's investments are generally not innovative or complex. The bank invested \$303 thousand in Low Income Tax Credits for the San Francisco assessment area. Furthermore, the bank invested \$3.0 million in mortgage-backed securities in the San Francisco assessment area. The bank also participated in the San Francisco Redevelopment Bond by investing \$547 thousand. The bank provided \$182 thousand for equity shares in loan pools that benefit the San Francisco assessment area, and \$900 thousand in equity shares that benefit the Northern California Region.

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

Based on a limited scope review, the bank's performance under the investment test in the the Los Angeles-Riverside-Orange County CMSA is not inconsistent with the bank's overall Low Satisfactory performance under the Investment Test. The bank's investments that benefit the Los Angeles assessment area represents 0.7% of Tier I capital. The bank was also responsive to affordable housing needs in the Los Angeles assessment area. Eighty-eight percent (88%) of the bank's investments benefiting the Los Angeles assessment area went to affordable housing organizations.

## **SERVICE TEST**

### **Conclusions for Area Receiving Full-Scope Review:**

Bay View Bank's performance under the Service Test is rated "High Satisfactory" based on its performance in the San Francisco-Oakland-San Jose Assessment Area. Factors supporting this rating are;

- Bay View Bank provides banking services that are accessible to low-income geographies and individuals, and are reasonably accessible to moderate-income geographies and individuals.
- Branch openings, and one closing, did not adversely impact the accessibility of Bay View Bank's delivery systems, particularly to low- and moderate-income individuals.
- Bay View Bank provides a good level of community development services.

### **Retail Banking Services:**

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

The quantity, quality, and locations of the bank's branches and ATM's allow ready access to bank products and services by individuals of varying income levels in geographies throughout the assessment area. Bay View Bank has a total of fifty-eight (58) banking offices, and sixty-three (63) ATMs. A wide array of products and services are available through its branch locations and ATM network. The branch distribution in low-income census tracts is good compared to the population in those tracts. Although, the branch distribution in moderate-income census tracts is adequate compared to the population residing in these tracts, the bank's network of branches and ATM's is widely dispersed throughout the assessment area, and reasonably accessible to the moderate-income population.

There are four banking offices with hours that differ from the bank's regular service schedule on Fridays. Two are in low-income geographies; one is in a moderate-income geography and one is in a high-income geography. The offices in the low-income and moderate-income areas close one hour earlier and are located in what is considered the core downtown area. The one office in a high-income area closes one hour later and is in a store location. Bay View Bank supports these different hours with the explanation that the core downtown area offices close early because a majority of the population in the downtown area has left work. The office in the high-income area closes when the store where it is located closes.

During the evaluation period, Bay View Bank closed one office located at 54 W. Santa Clara Ave., in San Jose, and opened one office located at 155 Crescent Plaza in Pleasant Hill. The San Jose location was in a moderate-income census tract. The bank analyzed the impact of the closure on the residents of

the census tract and determined that because of the large number of other full service bank branches located in the tract and within walking distance of the branch, the affect would not be negative.

Although the bank offers a variety of delivery systems for their products and services, these are not specifically targeted to LMI persons or communities.

## **Community Development Services:**

Bay View Bank has a good level of Community Development Services

Various bank departments volunteered 458 hours toward community development projects. For instance, the bank offers credit workshops to LMI groups. The bank also offers workshops in LMI areas discussing "How to Grow A Small Business." Bank employees volunteered an additional 1,585 hours for community development services. The majority of these hours were spent in an advisory capacity on community groups' Boards of Directors.

The bank has a pattern of investing both time and money in the same organization. For example, multiple bank departments have targeted predominately low- and moderate-income schools in the Bay Area, and worked together to raise funds for Junior Achievement and to help teach a finance class at these schools. The combined hours invested totaled 159. In addition, the bank contributed \$5 thousand to Junior Achievement chapters in these schools.

The bank also is a partner in the Investment Deposit Account Program (IDA). Under this program, LMI individuals are encouraged to save because participating banks will match the funds in the savings account. Bay View Bank is a major contributor to this program, both in dollars and hours served. The bank has spent 61 hours administering this program and offering education. They administer the majority of the accounts and were one of the first banks to support the program. In addition, the bank donated \$16 thousand directly to the IDA program and through the United Way.

The bank also combines contributions of money and time to Operation Hope, an organization promoting economic development to low- and moderate-income geographies and individuals by channeling investments of money and expertise into these areas. Various bank departments spent 25 hours aiding this organization. The bank donated \$12.5 thousand to sponsor a chapter of Operation Hope in the San Francisco assessment area.

The bank has several programs that demonstrate innovativeness and responsiveness to community needs. The City of Fairfield relocated many LMI families from an affordable housing project. The city paid the families a relocation fee. The bank opened accounts for these individuals, although most did not have proper forms of identification. The bank also arranged for expedited delivery of Spanish Language forms to facilitate the account opening process. Due to language barriers, the staff of the Fairfield Branch spent more time opening the accounts. This service accounted for thirteen hours of community development service.

The primary need of the San Francisco assessment area is affordable housing. Bank departments and individual bank employees contributed 24% of their community development service hours toward affordable housing organizations demonstrating responsiveness to the needs of the assessment area.

An additional community development service is provided by Bay View Bank through its active participation in the Federal Home Loan Bank Affordable Housing Program (AHP). The bank has participated in 12 different projects where the bank acted as a conduit or a focal point for AHP grant money that has helped finance complex affordable housing projects. Although the grant money is provided by the Federal Home Loan Bank, the bank leverages the AHP money through direct lending to some of the AHP grant recipients. The bank also administers the grant, guarantees the project and absorbs some or all of the legal expenses in putting the project together. The number of projects and the level of involvement are significant for a bank of this size.

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

Based on the limited-scope reviews, the bank's performance in the Los Angeles-Riverside-Orange County CMSA is weaker than the performance in the full-scope area. The performance in the limited-scope assessment areas did not have a material affect on the Service Test. Refer to Table 13 in Appendix C for the facts and data that support this conclusion.

Only one of the bank's branches is located in the limited-scope areas. This branch is located in a middle-income geography. The branch was closed during the exam because of limited profitability.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test: 1/1/98 to 12/31/99 Investment Test: 1/1/98 to 4/3/00 Service Test: 1/1/98 to 4/3/00	
<b>Financial institution</b>		<b>Products reviewed</b>
Bay View Bank San Francisco, CA		small business, residential and community development loans, and investments
<b>Affiliates</b>	<b>Affiliate relationship</b>	<b>Products reviewed</b>
NA	NA	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
San Francisco-Oakland-San Jose CMSA	Full Scope	
Los Angeles-Riverside-Orange County CMSA	Limited Scope	

## Appendix B: Market Profiles for Full-Scope Areas

### Market Profiles for Full-Scope Areas

Demographic Information for the Area: San Francisco AA												Evaluation Period: 01/01/1998 TO 12/31/1999	
Demographic Characteristic	Total	Low Income Tracts		Mod Income Tracts		Middle Income Tracts		Upper Income Tracts		NA Income Tracts			
	#	%	#	%	#	%	#	%	#	%	#		
Geographies (Census Tracts/BNAs)	1,462	6.09	89	17.51	256	41.59	608	23.53	344	11.29	165		
Population by Geography	6,253,311	5.49	343,291	19.64	1,228,138	49.81	3,114,565	24.87	1,555,120	0.20	12,197		
Owner-Occupied Housing by Geography	1,317,717	1.97	25,987	12.30	162,082	52.50	691,842	33.22	437,806	0.00	0		
Business by Geography	296,040	9.85	29,157	19.10	56,558	46.93	138,918	23.86	70,645	0.26	762		
Farms by Geography	5,938	2.71	161	13.42	797	55.76	3,311	28.04	1,665	0.07	4		
Family Distribution by Income Level	1,528,920	19.40	296,661	18.05	275,932	23.68	362,124	38.86	594,203	0.00	0		
Distribution of Low and Moderate Income Families throughout AA Geographies	572,593	9.49	54,313	28.23	161,645	49.19	281,670	13.09	74,965	0.00	0		
Median Family Income: HUD Adjusted Median Family Income for 1999: Households Below Poverty Level:	47,516 65,700 8.23%	Median Housing Value: Unemployment Rate:	222,414 3.84%										

Bay View Bank’s largest assessment area is the San Francisco-Oakland-San Jose CMSA which is comprised of the nine San Francisco Bay Area counties and Santa Cruz County. The Oakland PMSA is comprised of Alameda and Contra Costa counties. The San Francisco PMSA encompasses San Francisco, Marin and San Mateo counties. The San Jose PMSA includes Santa Clara County. The Santa Rosa PMSA includes Sonoma County. The Vallejo-Fairfield-Napa PMSA consists of Napa and Solano counties. The Santa Cruz-Watsonville PMSA includes Santa Cruz County.

The bank operates 57 branches in the greater San Francisco Bay Area, which is characterized by a diverse mix of businesses, people and communities. Comprised of some 1,462-census tracts, the area ranges from urbanized high tech to farming communities. A broad range of economic levels likewise characterizes the assessment area. The HUD adjusted median family income for the San Francisco assessment area is \$65,700. Notwithstanding this fact, closer examination reveals that marked disparities exist between cities for mean household income from lows around \$40 thousand to highs well over \$200 thousand. Some of the smaller, less populated communities have unemployment as low as .93%, while other communities battle homelessness, and struggle to allocate meager resources for job training and welfare to work programs. By contrast, Santa Clara county is the home of “Silicon Valley” and has one of the nation’s strongest and most diverse economies. Its workforce is technically skilled,

highly educated, and well compensated. The average household income is about 50% higher than the national average. The county ranks seventh in California, and 31<sup>st</sup> in the nation, in total retail sales. It ranks third in the nation in median household effective buying income.

Several organizations we visited noted that not enough housing has been constructed in the Bay Area during the last four years to meet the growing need. Anecdotal information indicates that rents and home-ownership costs are growing at a rate higher than income growth, thus, creating a gap that can only be filled by either higher wages or more affordable housing. In some parts of the assessment area rents have risen as much as 20% over the last two years, forcing workers to seek housing further away from their jobs, and, as a by product, increasing regional transportation problems. During the 1980's one housing unit was built for every 1.6 jobs created. In 1998, that ratio ranged from one unit per every 3 jobs in Silicon Valley, to one unit per 2.25 jobs in the eastern portion of the San Francisco Bay Area.

As a result of information obtained in our community contacts, a review of prior community contact reports, and a review of regional housing and strategic plans, we identified the most pressing needs in the assessment area as:

Affordable housing, including first time homebuyer subsidies, purchase/rehab loans and refinance loans, as well as support for homebuyer counseling programs.

With respect to housing needs we concluded that affordable housing needs are basically reflected in six areas:

- Substandard housing
- Overcrowding
- Overpaying
- Inaccessible housing
- Involuntary displacement
- Over concentration of lower-income residents

Relative to this last point, we observed that a number of communities throughout the assessment area are seeking to resolve this problem by encouraging an income mix in residential development. Some jurisdictions have achieved this goal by reducing the percentage of units in multi-family projects dedicated to LMI residents. Other areas have achieved the goal by targeting moderate to middle income buyers for new housing built in LMI tracts, redevelopment areas, etc.

Small businesses are in need of start up financing and micro loans, technical assistance and entrepreneurial training programs.

Again, based on our contacts, we came to view the areas of greatest need for small businesses is to revitalize areas and promote economic development by providing capital, supporting training, and providing technical assistance. This was viewed by many with whom we spoke as an especially acute need among minority and women owned small businesses. There was a further need identified as relates to investment and economic growth where other financing sources are not routinely available.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

The tables cover the entire CRA evaluation period. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: purchased loans are treated as originations; market rank is based on the number of loans made by the bank as compared to all other lenders in the MSA/assessment area; and market share is the number of loans originated by the bank as a percentage of the aggregate number of reportable loans originated by all lenders in the MSA/assessment area. The following is a listing and brief description of the tables included in each set:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated by the bank in low-, moderate-, middle- and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of HMDA Home Improvement Loan Originations** - See Table 2.
- Table 4. Geographic Distribution of HMDA Refinance Loan Originations** - See Table 2.
- Table 5. Geographic Distribution of Small Business Loan Originations** - The percentage distribution of the number of small loans (< \$1 million) to businesses originated by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Farm Loan Originations** - The percentage distribution of the number of small loans (< \$500 thousand) to farms originated by the bank in low-, moderate-, middle- and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of HMDA Home Purchase Loan Originations** - Compares the percentage distribution of the number of loans originated by the bank to low-, moderate-, middle- and upper-income borrowers to the percentage distribution of families by income



level in each MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.

- Table 8. Borrower Distribution of HMDA Home Improvement Loan Originations** - See Table 7.
- Table 9. Borrower Distribution of HMDA Refinance Loan Originations** - See Table 7.
- Table 10. Borrower Distribution of Small Business Loan Originations** - Compares the percentage distribution of the number of small loans (< \$1 million) originated by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Farm Loan Originations** - Compares the percentage distribution of the number of small loans (< \$500 thousand) originated by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. The table also presents the percentage distribution of the number of loans originated by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified Investments made by the bank in each MSA/assessment area.
- Table 13. Distribution of Branch and ATM Delivery System** - Compares the percentage distribution of the number of the bank's retail branches and ATMs in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography.

**Table 1. Lending Volume**

LENDING VOLUME		Evaluation Period: 01/01/1998 TO 12/31/1999										
MSA/Assessment Area	% of Rating Area Deposits in AA*	Home Mortgage**		Small Business		Small Farm		Community Development		Total Reported Loans		% of Rating Area Loans in AA (% of #)
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Scope</b>												
San Francisco AA	99.64	919	549,139	567	59,002	0	0	18	12,981	1,486,504	621,122	77.7210
<b>Limited Scope</b>												
Los Angeles AA	0.36	422	134,936	4	445	0	0	0	0	426	135,381	22.2890

\* Deposit Data as of June 30, 1999.

\*\*This category includes 408 multi-family loans, all in the San Francisco AA.

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

Geographic Distribution: HOME PURCHASE																
Evaluation Period: 01/01/1998 TO 12/31/1999																
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home 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**
<b>Full Scope</b>																
San Francisco AA	2	0	12	6	53	41	33	53	107	0.1	0.0	0.1	0.1	0.2	150	48
<b>Limited Scope</b>																
Los Angeles AA	2	0	16	5	41	18	42	77	170	0.1	0.0	0.0	0.0	0.1	164	52

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* Home purchase loans within an MSA/AA as a % of all home purchase loans in the rating area.

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

Geographic Distribution: HOME IMPROVEMENT																Evaluation Period: 01/01/1998 TO 12/31/1999	
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography					Total Home Improvement Loans		
	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**	
<b>Full Scope</b>																	
San Francisco AA	2	1	12	1	53	34	33	65	0	0.0	0.0	0.0	0.0	0.0	182	55	
<b>Limited Scope</b>																	
Los Angeles AA	2	0	16	5	41	8	42	87	0	0.0	0.0	0.0	0.0	0.0	146	45	

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* Home improvement loans within an MSA/AA as a % of all home improvement loans in the rating area.

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

Geographic Distribution: HOME MORTGAGE REFINANCE																	Evaluation Period: 01/01/1998 TO 12/31/1999																
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography					Total Home 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**																	
<b>Full Scope</b>																																	
San Francisco AA	2	0	12	4	53	28	33	68	122	0.1	0.0	0.0	0.1	0.1	179	62																	
<b>Limited Scope</b>																																	
Los Angeles AA	2	1	16	7	41	13	42	79	196	0.0	0.0	0.0	0.0	0.1	112	38																	

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* Refinance loans within an MSA/AA as a % of all refinance loans in the rating area.

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL BUSINESS																
Evaluation Period: 01/01/1998 TO 12/31/1999																
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total 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**
<b>Full Scope</b>																
San Francisco AA	10	7	19	15	47	48	24	30	40	0.2	0.1	0.2	0.2	0.2	567	99
<b>Limited Scope</b>																
Los Angeles AA	7	0	22	25	37	0	32	75	0	0.0	0.0	0.0	0.0	0.0	4	1

\* Based on 1998 Aggregate Small Business Data only. Market rank is for all income categories combined.

\*\* Small Business loans within an MSA/AA as a % of all Small Business loans in the rating area.

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

Geographic Distribution: SMALL FARM																
Evaluation Period: 01/01/1998 TO 12/31/1999																
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Loans 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**
<b>Full Scope</b>																
San Francisco AA	3	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Limited Scope</b>																
Los Angeles AA	3	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

\* Based on 1998 Aggregate Small Business/Small Farm Data only. Market rank is for all income categories combined.

\*\* Small Farm loans within an MSA/AA as a % of all Small Farm loans in the rating area.

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HMDA HOME PURCHASE										Evaluation Period: 01/01/1998 TO 12/31/1999						
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
<b>Full Scope</b>																
San Francisco AA	19	0	18	0	24	0	39	3	107	0.1	0.0	0.0	0.0	0.0	150	48
<b>Limited Scope</b>																
Los Angeles AA	21	0	17	0	21	0	40	0	170	0.1	0.0	0.0	0.0	0.0	164	52

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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



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

Borrower Distribution: HOME IMPROVEMENT																
Evaluation Period: 01/01/1998 TO 12/31/1999																
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
<b>Full Scope</b>																
San Francisco AA	19	0	18	0	24	0	39	0	0	0.0	0.0	0.0	0.0	0.0	182	55
<b>Limited Scope</b>																
Los Angeles AA	21	0	17	0	21	0	40	0	0	0.0	0.0	0.0	0.0	0.0	146	45

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1998 TO 12/31/1999						
MSA/Assessment Area	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Overall Market Rank*	Market Share by Borrower Income*					Total Loans	
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
San Francisco AA	19	0	18	0	24	0	39	0	122	0.1	0.0	0.0	0.0	0.0	179	62
<b>Limited Scope</b>																
Los Angeles AA	21	0	17	0	21	0	40	0	196	0.0	0.0	0.0	0.0	0.0	112	38

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

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

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL BUSINESS			Evaluation Period: 01/01/1998 TO 12/31/1999							
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 Business Loans	
	% Business**	% Bank Loans***	% Market Loans*	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$ 1 Million or Less	#	% of Total
<b>Full Scope</b>										
San Francisco AA	74	100	48	100	97	100	0.2	0.4	496567	99
<b>Limited Scope</b>										
Los Angeles AA	74	100	47	0	3	0	0.0	0.0	34	1

\* The market consists of all other Small Business reporters in Bay View Bank's assessment area and is based on 1998 Aggregate Small Business Data only

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

\*\*\* Loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No revenue information was available for 1% of small loans to businesses reported by the BANK.

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

Borrower Distribution: SMALL FARM			Evaluation Period: 01/01/1998 TO 12/31/1999							
MSA/Assessment Area	Businesses With Revenues of \$ 1million or less			% Distribution Loans by Original Amount Regardless of Farm Size			Market Share*		Total Small Farm Loans	
	% Farms**	% Bank Loans***	% Market Loans*	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$500,000	All	Rev \$ 1 Million or Less	#	% of Total
<b>Full Scope</b>										
San Francisco AA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Limited Scope</b>										
Los Angeles AA	NA 87	NA	NA	NA	NA	NA	NA	NA	NA	NA

\* The market consists of all other Small Farm reporters in Bay View Bank's assessment area and is based on 1998 Aggregate Small Farm Data only.

\*\* As a Percentage of Farms with known revenues.

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

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS		Evaluation Period: 01/01/1998 TO 12/31/1999							
MSA/Assessment Area	Prior Period Investments*		Current Period Investments		Total Investment			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Scope</b>									
San Francisco AA	3	874	95	5,594	298	6,468	79.00	0	0
<b>Limited Scope</b>									
Los Angeles AA	0	0	6	2,332	6	2,332	21.00	0	0

\* 'Prior Period Investments' means investments made in a previous evaluation period that remains outstanding as of the examination date.

\*\* "Unfunded Commitments" means legally binding commitments reported in the bank's financial information.

**Table 13. Distribution of Branch and ATM Delivery System**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM																	Evaluation Period: 01/01/1998 TO 12/31/1999			
MSA/Assessment Area	Deposits	Branches						ATMs						Population						
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Bank ATMs	% of Bank ATMs	Location of ATMs by Income of Geographies (%)				% of the Population with Each Geography*						
				Low (%)	Mod (%)	Mid (%)	Upp (%)			Low	Mod**	Mid	Upp	Low	Mod	Mid	Upp			
<b>Full Scope</b>																				
San Francisco AA	99.64	58	98.31	5.17	17.24	48.28	29.31	8	100	4.76	19.05	46.03	30.16	5.49	19.64	49.81	24.87			
<b>Limited Scope</b>																				
Los Angeles AA	0.36	1	1.69	0.00	0.00	0.00	0.00	0	1	0.00	0.00	0.00	0.00	6.57	25.97	38.43	28.82			

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

\*\* One ATM in a moderate-income tract is located inside a service center and is not accessible to the public.

**Table 14. Geographic and Borrower Distribution of Consumer Loans (Optional)**

Geographic and Borrower Distribution: CONSUMER LOANS																		Evaluation Period: 01/01/1998 TO 12/31/1999	
MSA/Assessment Area	Geographic Distribution								Borrower Distribution								Total Consumer Loans		
	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		#	% of Total	
	% of Pop*	% of Bank Loans	% of Pop*	% of Bank Loans	% of Pop*	% of Bank Loans	% of Pop*	% of Bank Loans	% of Hshlds	% of Bank Loans	% of Hshlds	% of Bank Loans	% of Hshlds	% of Bank Loans	% of Hshlds	% of Bank Loans			
<b>Full Scope</b>																			
San Francisco AA	5	2	20	12	50	56	25	30	19	10	18	19	24	29	39	42	7,006	36	
<b>Limited Scope</b>																			
Los Angeles AA	7	1	26	15	38	42	29	42	6	5	23	15	40	28	31	53	12,348	64	

\* The Percentage of the population in the MSA/Assessment area that resides in the geographies.