

PUBLIC DISCLOSURE

March 26, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**County Bank
RSSD #191663**

**550 West Main Street
Merced, California 95340**

**Federal Reserve Bank of San Francisco
101 Market Street
San Francisco, California 94105**

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, 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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INSTITUTION'S RATING

INSTITUTION'S CRA RATING:
County Bank is rated "SATISFACTORY"

The following table shows the performance level of County Bank with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	LENDING TEST*	INVESTMENT TEST	SERVICE TEST
OUTSTANDING			X
HIGH SATISFACTORY	X	X	
LOW SATISFACTORY			
NEEDS TO IMPROVE			
SUBSTANTIAL NONCOMPLIANCE			

*The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

The major factors supporting the institution's rating include:

- A good overall distribution of loans in geographies of different income levels and to businesses and farms of different sizes;
- A significant level of qualified investments and grants that were responsive to the needs of low- and moderate-income individuals;
- A good level of community development lending that helped support local economic development efforts and create affordable housing;
- Retail banking delivery systems that are readily accessible throughout the bank's assessment areas; and
- An excellent level of qualified community development services that addressed significant community development needs.

INSTITUTION

DESCRIPTION OF INSTITUTION

County Bank, headquartered in Merced, California, is a wholly-owned subsidiary of Capital Corp. of the West with total assets of \$1.9 billion as of December 31, 2006. County Bank was formed in 1977 and now operates 28 full-service branches, three offsite ATMs, and one loan production office throughout the Central Valley area of California.

County Bank provides a wide range of consumer and commercial banking products and services, including wealth management and trust services. However, County Bank's primary business is to serve the needs of small- and medium-sized businesses. The bank also serves the needs of the agricultural industry with real estate loans, operating lines of credit and equipment financing. As such, real estate and non-real estate-secured commercial loans and construction and land development loans, represent the majority of the bank's loan portfolio followed by agricultural loans. The composition of the loan bank's loan portfolio as disclosed in its December 31, 2006 Consolidated Reports of Condition and Income is presented below.

LOAN TYPE	DOLLAR AMOUNT (^{'000} s)	PERCENT OF VALUE
Commercial/Industrial & Non-Farm Non-Residential Real Estate	634,652	51.7
Construction & Land Development	250,991	20.5
Agriculture Production & Farmland	127,786	10.4
Consumer Loans & Credit Cards	70,914	5.8
Multifamily Residential Real Estate	44,504	3.6
Secured by 1-4 Family Residential Real Estate	38,490	3.1
All Other	60,041	4.9
Total (Gross)	\$1,227,378	100.0%

County Bank added the Sacramento and San Jose assessment areas as a result of the opening of two branches since the previous examination as of February 7, 2005. Consequently, the assessment areas served by County Bank have expanded from eight to ten. The following nine assessment areas consist of entire counties: Fresno, Madera, Mariposa, Merced, Sacramento, San Joaquin, San Jose, Stanislaus, and Tuolumne. The San Francisco assessment area consists of San Francisco, Alameda, and San Mateo Counties in their entirety. The Fresno, Merced, and Stanislaus areas each contain seven branches and the other seven areas each contain one branch.

There are no legal or financial impediments that would inhibit the bank's ability to meet the credit needs of its communities, consistent with its size, business strategy, resources, and local economic conditions. County Bank received an outstanding performance rating at previous CRA examination as of February 7, 2005.

SCOPE OF EXAMINATION

This examination covered the period from January 1, 2005 to December 31, 2006, using the Interagency Large Institutions CRA Examination Procedures. As such, performance was assessed under the lending, investment, and service tests. The examination also involved discussions with members of the bank's local communities and bank management as well as a review of other relevant information and data to help provide context for the bank's performance.

The evaluation of the bank's performance under the lending test was weighted in accordance with the lending activity and relative opportunities and needs in each assessment area. The lending performance, which is weighted more heavily than either the investment or service performance, was based on small business and small farm loans originated by during the review period. Small business loans were weighted more heavily in the analysis given the greater volume of these loans. The relatively low level of home mortgage loans was insufficient to draw meaningful conclusions and was excluded from the analysis.

For all three tests, the Fresno, Merced, and Stanislaus assessment areas received full-scope reviews. The other seven assessment areas were reviewed using the limited-scope examination procedures. The full-scope assessment areas were selected based on relative number of branches, loan volume, percentage of deposits and deposit market share and received equal weighting in the analysis.

The scope of the evaluation is consistent throughout the evaluation unless otherwise noted.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

County Bank's overall performance under the lending test is high satisfactory. A substantial majority of loans were made within the bank's assessment areas. Overall, the distribution of loans reflected a good geographic distribution throughout the assessment areas and a good distribution of loans to businesses and farms of different sizes.

Lending Activity

Overall, lending levels are good. Exhibit 1 below illustrates County Bank's lending activity by product.¹ As shown in Table 1 in Appendix B,² overall loan volumes in the bank's assessment areas compare reasonably with the bank's share of deposits in the respective market.

¹ As previously stated, the volume of home purchase and home refinance loans was insufficient to develop meaningful conclusions. Home improvement loans were not included in the scope of the examination.

² All CRA tables referenced in this section of the evaluation are located in Appendix B.

EXHIBIT 1				
SUMMARY OF LENDING ACTIVITY				
JANUARY 1, 2005 TO DECEMBER 31, 2006				
Loan Type	#	%	\$ ('000s)	%
Small Business	577	76.0	140,432	71.9
Small Farm	149	19.6	32,091	16.4
Total Business and Farm	726	95.6	172,523	88.3
HMDA Home Purchase	21	2.8	18,023	9.2
HMDA Home Improvement	8	1.1	2,208	1.1
HMDA Refinance	4	0.5	2,700	1.4
Total HMDA	33	4.4	22,931	11.7
TOTAL LOANS	759	100.0	195,454	100.0

Assessment Area Concentration

A substantial majority of the bank's loans was made within the assessment areas. Exhibit 2 below shows the number and dollar volume of loans extended inside and outside the assessment areas during the evaluation period. The tables in Appendix B contain additional information regarding the bank's lending activities within each assessment area.

EXHIBIT 2								
LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREAS								
JANUARY 1, 2005 TO DECEMBER 31, 2006								
LOAN TYPE	Inside				Outside			
	#	%	\$ ('000s)	%	#	%	\$ ('000s)	%
Small Business	532	92.2	124,617	88.7	45	7.8	15,815	11.3
Small Farm	147	98.7	31,729	98.8	2	1.3	362	1.1
TOTAL LOANS	679	93.5	156,346	90.6	47	6.5	16,177	9.4

Geographic and Borrower Distribution

Overall, the geographic distribution of loans demonstrates a good penetration throughout the bank's assessment areas and a good dispersion among census tracts of different income levels. In particular, the bank's small business lending in low- and moderate-income geographies exceeded the performance of the aggregate market across the full-scope assessment areas. Similarly, the bank's small farm lending was particularly strong in moderate-income geographies within the Fresno and Stanislaus assessment areas.

The overall distribution of loans among businesses and farms of different sizes is good. The bank extended a majority of loans to businesses and farms with gross annual revenues of \$1 million or less. In addition, the bank's lending levels were better than the performance of the aggregate market across the full-scope assessment areas. The bank also made a good percentage

of small business loans in small dollar amounts, addressing an articulated credit need among the start-ups and small businesses.

Community Development Lending

County Bank made a high level of community development loans during this review period. As seen in Table 1, the bank extended over \$29 million in community development loans throughout the assessment areas. Over 80 percent of these loans helped to finance construction or rehabilitation of commercial and industrial buildings located in redevelopment zones, supporting the communities' efforts to retain or attract new businesses and employment. In addition, approximately 13 percent of community development loans helped to finance 84 units of affordable housing for low- and moderate-income individuals in the bank's assessment areas.

INVESTMENT TEST

County Bank's overall performance under the investment test is high satisfactory. This assessment is based on a significant level of qualified investments in relation to credit and community development needs within the bank's assessment areas. As shown in Table 6, County Bank had a total of \$33 million in qualified community development investments. These consist of approximately \$19.6 million in prior-period investments, \$11.8 million in investments funded during this evaluation period, and \$1.6 million in unfunded commitments. These investments, some of which have been outstanding for almost ten years, have together over that time helped to rehabilitate or create over 11,000 affordable housing units and provide assistance to local school districts serving low- to moderate-income families and to redevelopment agencies.

Investments benefiting full-scope specific assessment areas are addressed under that respective area analysis. However, as Table 6 indicates, a large portion of the total investments benefited a broader regional area that included the bank's assessment areas or were in limited scope assessment areas. Some of these qualified investments include:

- **Low-Income Housing Tax Credits (LIHTCs)** - LIHTCs are made available to equity investors to encourage investments that help to finance acquisition, rehabilitation, or construction of affordable housing for low- to moderate-income individuals. As of December 31, 2006, County Bank investments in LIHTCs included \$8.1 million in prior period disbursements, \$393,000 in current period disbursements and \$1.6 million in unfunded commitments.
- **Mortgage-Backed Securities** - As of December 31, 2006, County Bank carried \$3.7 million in mortgage-backed securities, secured by pools of mortgage loans extended to individuals in low- to moderate-income geographies. The entire balance reflects prior-period investments.
- **Delegated Underwriting Service Bond (DUS)** - During a prior period, the bank invested \$914,000 in a DUS bond issued by Fannie Mae to help finance a 60-unit apartment project in a moderate-income census tract within Madera County.

SERVICE TEST

County Bank's overall performance under the service test is outstanding. The bank's retail banking delivery systems are readily accessible throughout its assessment areas. The bank's record of branch openings has improved the accessibility of delivery systems, particularly in moderate-income geographies, and its services and products are tailored to the convenience and needs of its assessment areas. The excellent level of services provided by bank employees was a key driver of the overall performance under this test.

Retail Banking Services

Delivery systems are readily accessible to essentially all portions of its assessment areas. The bank uses a network of 28 branches across 12 counties to deliver its commercial and retail banking products and services. The bank has opened nine new branches since the previous CRA examination, adding two branches in moderate-income census tracts, five branches in middle-income census tracts, and two branches in upper-income tracts. As of this examination date, ten out of 28 of the bank's branches are located in low- or moderate-income census tracts.

Services, business hours, and alternative delivery systems are tailored to meet the convenience and needs of the various communities and do not vary in a way that inconveniences certain portions of the assessment areas. The bank effectively uses a variety of alternative delivery systems to allow access to banking services after normal branch hours. These include on-line and telephone banking and automated teller machines. Also, the bank's website offers "Banking Kids," which is an educational site specifically designed to help children of all ages learn about banking and money matters.

Community Development Services

Bank personnel provided a very high level of community development services that helped promote affordable housing, economic development, revitalization and stabilization of low- and moderate-income areas, and community services targeted to low- and moderate-income individuals. During this review period, the bank staff provided over 2,200 hours of qualified community development services through involvement with various community organizations and agencies. Bank personnel often served in key roles on boards of directors and other committees within these organizations. More in-depth descriptions of these services can be found in the appropriate assessment area conclusions.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations. The fair lending review performed concurrently with this examination did not evidence any type of discriminatory lending practices.

FULL-SCOPE ASSESSMENT AREA CONCLUSIONS

For each assessment area where a full-scope review was performed using the examination procedures.

FRESNO COUNTY

DESCRIPTION OF OPERATIONS IN FRESNO COUNTY

The Fresno County assessment area (Fresno) is defined as all of Fresno County, which is also the Fresno Metropolitan Statistical Area (MSA). Situated in California's Central Valley, Fresno is the sixth largest county by land area in the state and occupies a large portion of the San Joaquin Valley, which has thousands of acres dedicated to agriculture.³ Cities in the assessment area include Clovis, Coalinga, Firebaugh, Fowler, Fresno, Huron, Kerman, Kingsburg, Mendota, Orange Cove, Parlier, Reedley, San Joaquin, Sanger and Selma.

County Bank has a solid presence in this assessment area. As of June 30, 2006, the bank held \$140 million in deposits, representing 1.6 percent market share, and ranked 15th out of 28 FDIC-insured depository institutions.⁴ According to 2005 aggregate data, County Bank ranked 21st among the 61 lenders reporting small business loans for CRA purposes, with 0.29 percent market share and 16th among the 23 lenders reporting small farm loans with 0.97 percent market share. Given the strong presence of national and regional lenders, competition for lending and deposit products as well as for community development activities is considerable.

Exhibit 3 on the following page highlights demographic information from the 2000 U.S. Census and 2006 Dun & Bradstreet business and farm data. This information was used to help develop the performance context for the Fresno assessment area.

³ Employment Development Department, State of California, *Fresno County Snapshot* (accessed April 18, 2007); available from <http://calmis.ca.gov/htmlfile/county/fresno.htm>.

⁴ Federal Deposit Insurance Corporation, Institution Directory, *Summary of Deposits*, June 30, 2006 (accessed February 28, 2007); available from <http://www3fdic.gov/sod/socMarketRpt.asp?barItem=2>.

EXHIBIT 3								
ASSESSMENT AREA DEMOGRAPHICS								
FRESNO COUNTY								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	9	5.7	6,809	3.6	3,453	50.7	43,027	22.8
Moderate-income	47	29.7	54,617	29.0	16,596	30.4	32,160	17.1
Middle-income	53	33.5	68,392	36.3	10,551	15.4	34,934	18.5
Upper-income	48	30.4	58,671	31.1	2,575	4.4	78,368	41.6
Tract not reported	1	0.6	0	0.0	0	0.0	0	0.0
Total AA	158	100.0	188,489	100.0	33,175	17.6	188,489	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	10,480	2,285	21.8	1.6	7,060	67.4	1,135	10.8
Moderate-income	79,480	31,015	39.0	21.7	43,123	54.3	5,342	6.7
Middle-income	99,007	51,245	51.8	35.9	41,572	42.0	6,190	6.3
Upper-income	81,800	58,311	71.3	40.8	18,329	22.4	5,160	6.3
Tract not reported	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	270,767	142,856	52.8	100.0	110,084	40.7	17,827	6.6
Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	1,527	6.9	1,314	6.8	175	7.7	38	8.6
Moderate-income	6,165	27.8	5,335	27.4	700	30.8	130	29.3
Middle-income	7,386	33.3	6,448	33.1	778	34.3	160	36.0
Upper-income	7,071	31.9	6,340	32.6	615	27.1	116	26.1
Tract not reported	23	0.1	20	0.1	3	0.1	0	0.0
Total AA	22,172	100.0	19,457	100.0	2,271	100.0	444	100.0
Percentage of Total Businesses:			87.8		10.2		2.0	
Income Categories	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	9	0.5	8	0.5	1	0.4	0	0.0
Moderate-income	467	25.8	369	23.6	96	39.5	2	50.0
Middle-income	870	48.0	775	49.5	95	39.1	0	0.0
Upper-income	466	25.7	413	26.4	51	21.0	2	50.0
Tract not reported	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,812	100.0	1,565	100.0	243	100.0	4	100.0
Percentage of Total Farms:			86.4		13.4		0.2	
Median Family Income (2000)			\$38,493		Median Housing Value (Dec. 2006) ⁵			\$290,000
HUD Adjusted Median Family Income (2006)			\$47,000		Unemployment Rate (2006) ⁶			8.0%

⁵ Employment Development Department, State of California, *Median Price of Homes Sold* (accessed February 28, 2007); available from <http://www.labormarketinfo.edd.ca.gov>.

⁶ Employment Development Department, State of California, *Unemployment Rate & Labor Force*, March 2, 2007 (accessed April 18, 2007); available from <http://www.labormarketinfo.edd.ca.gov>.

Agricultural production remains the backbone of Fresno County. A majority of America's produce is grown in California's Central Valley, and Fresno is the number one agricultural county in the United States. According to California Department of Food & Agriculture, Fresno's total agricultural production for 2005 was valued at \$4.6 billion, ranking number one in the state and the nation. Leading commodities produced within the Fresno County were grapes, almonds, milk, tomatoes, cattle and calves.⁷

Although the region still remains heavily dependent upon its enormous agricultural productivity, farm-based employment has had a net decrease over the last decade. For example, in 1996, farm-based employment made up 20 percent of total employment. In 2006, farm-based employment represented only 13 percent of total employment. With continued decline in farm-based employment and steady population growth, the Fresno economy has become more diversified and less reliant upon seasonal agricultural employment. Industries that have led employment growth and thus contributed to Fresno's diversifying economy are construction and state government sectors.⁸

Although unemployment remains high, after many years of double-digit unemployment rates Fresno experienced its third consecutive year of a decrease in unemployment rates in 2006. In 2006, Fresno's annual average unemployment was 8.0 percent, down from 9.0 percent in 2005.⁹ As mentioned above, the increasingly diversified economy which is less reliant upon seasonal agricultural employment contributed to this trend.

Even in California's Central Valley, further removed from the higher coastal populations, housing prices have risen beyond the reach of a significant percentage of the population. According to the California Association of Realtors®, only 17 percent of households in Fresno County were able to afford a median-priced home in November 2005, reflecting a significant drop from 28 percent a year ago.¹⁰ A continuing imbalance between income growth and housing price appreciation has fueled this negative trend and points to a need for housing programs that facilitate the development of affordable housing. For example, the median price of homes sold in Fresno jumped 30 percent from \$220,000 in February 2005 to \$285,000 in February 2006; this is after posting a 19 percent increase in February 2004.¹¹ Meanwhile, median household income remained relatively unchanged since 2004.¹²

⁷ California Department of Food & Agriculture, California Agricultural Resource Directory 2006, *Agricultural Statistical Review* (accessed April 19, 2007); available from http://www/cdfa/ca/gov/card/pdfs/ResDir06_Overview.pdf.

⁸ Employment Development Department, State of California, *Industry Employment & Labor Force* (accessed April 18, 2007); available from <http://www.labormarketinfo.edd.ca.gov>.

⁹ Ibid.

¹⁰ C.A.R. reports *November's Housing Affordability Index at 14 percent* (accessed April 18, 2007); available from http://216.52.172.179/DisArticle.cfm?ARTICLE_ID=12793.

¹¹ Employment Development Department, State of California, *Median Price of Homes Sold* (accessed April 19, 2007); available from <http://www.labormarketinfo.edd.ca.gov>.

¹² U.S. Census Bureau, American FactFinder, *Median Household Income* (accessed April 19, 2007); available from <http://factfinder.census.gov>.

Credit and community development needs vary within the assessment area. As noted in Exhibit 3, a substantial majority of the area business and farms are “small businesses” or “small farms” with gross annual revenues of \$1 million or less. Discussions with community representatives revealed that these businesses and farms typically need start-up or on-going working capital loans, often in small dollar amounts. Discussions also revealed that financial support to organizations that provide services to low- and moderate-income individuals and households as well as financial education primarily targeting first-time home buyers, low-income individuals, and start-up or small businesses are critical needs within this region.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN FRESNO

LENDING TEST

Overall, the bank’s lending performance within the Fresno assessment area is good, with particular strengths noted in the geographic and borrower distributions of small business and small farm loans.

Lending Activity

Overall lending levels are good. As illustrated in Table 1, the percentage of total loans extended was more than double the percentage of deposits gathered in this area.

Lending Distribution by Geography

Small Business Loans

The geographic distribution of small business loans is good. As seen in Table 2, the geographic distribution of small business loans demonstrates a good dispersion among census tracts of different income levels. In particular, small business lending was strong in low- and moderate-income geographies, with the bank’s performance exceeding the aggregate market and generally mirroring the distribution of area businesses.

Small Farm Loans

Overall, the geographic distribution of small farm loans is good. As seen in Table 3, the distribution of the bank’s small farm lending was reasonable overall. The strongest performance occurred in moderate-income geographies as the bank’s performance significantly exceeded the percentages of farms and the aggregate lending. While there were no loans extended in low- or upper-income areas, performance is reasonable given the limited volume of loans extended and that less than one percent of farms were located in low-income areas.

Lending Distribution by Business and Farm Revenue

Small Business Loans

The level of lending to small businesses is good. As seen in Table 4, the majority of small business loans were made to businesses with gross annual revenues of \$1 million or less and in small amounts, thereby addressing an articulated credit need. The bank's lending performance also exceeded the aggregate market and was reasonable in relation to the percentage of small businesses.

Small Farm Loans

The level of lending to small farms is good. As shown in Table 5, the majority of small farms loans were made to farms with gross annual revenues of \$1 million or less and in small amounts. In addition, the bank's lending performance compared favorably to the aggregate market and was reasonable in relation to the percentage of small farms. The bank's market share in lending to small farms is slightly higher than the bank's market share in overall small farm lending.

Community Development Lending

The level of community development lending within the Fresno assessment area is adequate. As seen in Table 1, County Bank originated a \$1.7 million community development loan during this evaluation period. Loan proceeds helped a business expand its existing facilities via the purchase of two commercial buildings located within a South Fresno industrial revitalization and redevelopment project area. Primary objectives of this project area are to create a business environment that encourages existing businesses to expand or remain within the area and also to attract new industrial development to the area.

INVESTMENT TEST

Investment test performance in the Fresno assessment area is good. As shown in Table 6, the bank made 17 qualified community development investments and grants totaling approximately \$2.2 million during this review period. These included a \$1.1 million general obligation bond and a \$1.0 million Qualified Zone Academy Bonds (QZAB), issued by two school districts within Fresno County for the purposes of rehabilitating school facilities, developing curriculum, purchasing new equipment, and training teachers. A significant portion of the student bodies served by these schools are low- and moderate-income. The bank also provided 15 grants totaling \$80,350 to community-based organizations that provide social services to low- and moderate-income individuals and families. There were no prior-period investments or unfunded commitments in this assessment area.

SERVICE TEST

The provision of retail banking and community development services is excellent.

Retail Banking Services

County Bank's delivery systems are readily accessible to essentially all portions of the Fresno assessment area. As seen in Table 7, the bank's seven branches are located in census tracts of all income levels. The bank improved its accessibility during this review period by opening three new branches, one in a moderate-income census tract, one in a middle-income census tract, and one in an upper-income census tract. There were no branch closures during this evaluation period.

Community Development Services

The provision of community development services is excellent. During this evaluation period, bank personnel provided a very high level of services with over 680 hours of services contributed to 29 different community-based organizations that addressed a variety of community development needs within the Fresno assessment area.

Highlights of these services include time spent serving as board or loan committee members at community-based organizations including 161 hours contributed to the Valley Small Business Development Corporation and Central Valley Business Incubator. These organizations provide direct financing, loan guaranty, or business services to small businesses or farms in the area. Employees also provided 88 hours of services related to providing personal financial education through "Money Smart" classes and 76 hours of serving on the board of directors of Habitat for Humanity. The remaining qualified services were provided to organizations that primarily benefited low- and moderate-income individuals and small businesses.

MERCED COUNTY

DESCRIPTION OF OPERATIONS IN MERCED COUNTY

The Merced County assessment area (Merced) is defined as all of Merced County, which is also the Merced MSA. Merced County is located in California's Central Valley and bordered by Santa Clara County to the northwest, Stanislaus County to the north, Tuolumne and Mariposa counties to the east, Madera and Fresno counties to the south, and San Benito County to the west. Cities in the assessment area include Atwater, Dos Palos, Gustine, Livingston, Los Banos, and Merced.

County Bank has a substantial presence in this assessment area. As of June 30, 2006, the bank held \$864 million in deposits, representing 43.5 percent market share, and ranked first out of 13 FDIC-insured depository institutions.¹³ According to 2005 aggregate CRA data, County Bank ranked 9th out of the 38 lenders reporting small business loans with 2.4 percent market share and 4th out of the 16 lenders reporting small farm loans with 12.2 percent market share. National and regional banks and thrifts also hold significance presence in this assessment area, creating a competitive environment for lending and deposit activities as well as for community development activities.

Exhibit 4 on the following page highlights demographic information from the 2000 U.S. Census and 2006 Dun & Bradstreet business and farm data. This information was used to help develop the performance context for the Merced assessment area.

¹³ Federal Deposit Insurance Corporation, Institution Directory, *Summary of Deposits*, June 30, 2006 (accessed February 28, 2007); available from <http://www3fdic.gov/sod/socMarketRpt.asp?barItem=2>.

EXHIBIT 4								
ASSESSMENT AREA DEMOGRAPHICS								
MERCED COUNTY								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	10,403	20.7
Moderate-income	12	25.5	12,194	24.3	3,708	30.4	9,200	18.4
Middle-income	24	51.1	25,057	50.0	3,821	15.2	9,966	19.9
Upper-income	11	23.4	12,885	25.7	952	7.4	20,567	41.0
Total AA	47	100.0	50,136	100.0	8,481	16.9	50,136	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	16,589	6,418	38.7	17.1	9,172	55.3	999	6.0
Middle-income	34,970	19,088	54.6	50.9	12,939	37.0	2,943	8.4
Upper-income	16,814	11,969	71.2	31.9	4,229	25.2	616	3.7
Total AA	68,373	37,475	54.8	100.0	26,340	38.5	4,558	6.7
Income Categories	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	1,443	31.6	1,271	31.3	132	34.1	40	33.9
Middle-income	2,176	47.7	1,932	47.6	187	48.3	57	48.3
Upper-income	947	20.7	858	21.1	68	17.6	21	17.8
Total AA	4,566	100.0	4,061	100.0	387	100.0	118	100.0
Percentage of Total Businesses:			88.9		8.5		2.6	
Income Categories	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	106	13.6	87	12.9	18	17.8	1	25.0
Middle-income	591	76.1	511	76.0	77	76.2	3	75.0
Upper-income	80	10.3	74	11.0	6	5.9	0	0.0
Total AA	777	100.0	672	100.0	101	100.0	4	100.0
Percentage of Total Farms:			86.5		13.0		0.5	
Median Family Income (2000)			\$38,051	Median Housing Value (Dec. 2006) ¹⁴			\$330,000	
HUD Adjusted Median Family Income (2006)			\$46,400	Unemployment Rate (2006) ¹⁵			9.3%	

¹⁴ Employment Development Department, State of California, *Median Price of Homes Sold* (accessed February 28, 2007); available from <http://www.labormarketinfo.edd.ca.gov>.

¹⁵ Employment Development Department, State of California, *Unemployment Rate & Labor Force*, March 2, 2007 (accessed April 18, 2007); available from <http://www.labormarketinfo.edd.ca.gov>.

As do many counties in the Central Valley of California, Merced County remains largely dependent upon farm-based employment and one of the most productive agricultural areas in California. According to California Department of Food & Agriculture, Merced ranked 5th in the state with total agricultural production for 2005 valued at \$2.4 billion. Leading commodities produced within Merced County were milk, chickens, almond meats, cattle and calves, and sweet potatoes.¹⁶

Farm-based employment in Merced County has remained relatively unchanged in the last decade. However, farm-based employment in relation to total employment has declined, as population growth and redevelopment efforts in the area led to expansion of the non-farm industries. For example, farm-based employment represented 16 percent of total employment in 2006, down from 19 percent in 1996. Conversely, construction, professional and business services, and state and local government-related employment have seen the biggest growth over the last decade.¹⁷

Unemployment is also high in Merced. However, after many years of double-digit unemployment rates Merced County experienced its third consecutive year of decreasing unemployment rates in 2006. In 2006, Merced's annual average unemployment was down to 9.3 percent from 9.8 percent in 2005.¹⁸ Housing expansion in the area has led to employment growth in housing-related industries, such as construction, retail and wholesale building material, and financial activities. On-going redevelopment projects at the former Castle Air Force Base and the opening of UC Merced campus have also contributed to employment growth in non-farm industries, helping to lower the overall unemployment rate in the Merced area.¹⁹

Similar to Fresno County, housing prices in Merced have risen beyond the reach of a significant percentage of the population. According to the California Association of Realtors®, Merced County is one of the least affordable counties in the in the state with housing affordability index (HAI)²⁰ of 10 percent in November 2005, down from 20 percent a year earlier. This affordability trend together with unemployment rates that, although declining, remain high, warrants housing programs that facilitate the development and purchase of affordable housing units, particularly for low- and moderate-income individuals.

Credit and community development needs within the assessment area vary. As noted earlier in Exhibit 4, a substantial majority of the area business and farms are “small businesses” or “small farms” with gross annual revenues of \$1 million or less. Based on discussions with community representatives, counseling services and workshops targeting “start-up” or small businesses (e.g., developing business plan, putting together loan package, and applying for credits) are critical needs within the community.

¹⁶ California Department of Food & Agriculture, California Agricultural Resource Directory 2006, *Agricultural Statistical Review* (accessed April 19, 2007); available from http://www/cdfa/ca/gov/card/pdfs/ResDir06_Overview.pdf.

¹⁷ Employment Development Department, State of California, *Industry Employment & Labor Force* (accessed April 18, 2007); available from <http://www.labormarketinfo.edd.ca.gov>.

¹⁸ Ibid.

¹⁹ Pozsar, Zoltan. (August 2006). *Merced*. Moody's Economy.com, Inc.

²⁰ Percentage of households that can afford to purchase a median-priced home, as measured by California Association of Realtors®.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MERCED COUNTY

LENDING TEST

Overall, the bank's lending performance within the Merced County assessment area is good. Particular strengths are noted in the borrower distribution of small business and small farm loans as well as the level and impact of community development loans. In addition, the bank generated its greatest volume of loans within this assessment area.

Lending Activity

Overall lending levels are good. As shown in Table 1, the percentage of loans extended in this assessment area fell somewhat below the percentage of deposits gathered. However, this is understandable given the strong competition for loans in this assessment area.

Lending Distribution by Geography

Small Business Loans

The geographic distribution of small business loans is excellent. As seen in Table 2, loans were well distributed in moderate-, middle-, and upper-income census tracts. Strong performance was noted in moderate-income census tracts as lending exceeded the percentages of small businesses and the aggregate market. As noted in Exhibit 4, there are no low-income census tracts within this assessment area.

Small Farm Loans

Overall, the geographic distribution of small farm loans is adequate. As seen in Table 3, lending was reasonably distributed within moderate-, middle-, and upper-income census tracts. The bank's lending was strongest in middle-income census tracts and compared reasonably to the distribution of farms and aggregate lending in moderate- and upper-income census tracts. As stated earlier, there are no low-income census tracts in this assessment area.

Lending Distribution by Business and Farm Revenue

Small Business Loans

The borrower distribution of small business loans is excellent. As seen in Table 4, the majority of small business loans were made to businesses with gross annual revenues of \$1 million or less and in small amounts, thereby addressing an articulated credit need of start-up and small businesses. In addition, the bank's lending performance significantly exceeded the aggregate market and compared reasonably well to the percentage of small businesses. In addition, the bank's market share in lending to small businesses exceeds its market share in overall small business lending.

Small Farm Loans

The borrower distribution of small farms loans is excellent. A substantial majority of small farms loans was made to farms with gross annual revenues of \$1 million or less and in small dollar amounts as shown in Table 5. In addition, the bank's lending performance significantly exceeded the aggregate market and compared reasonably well with the percentage of small farms. Furthermore, the bank's market share of lending to small farms is notably higher than its overall market share of small farm lending.

Community Development Lending

The bank extended a significant level of community development lending within the Merced assessment area. As noted in Table 1, the bank originated five community development loans totaling over \$9 million. One \$4.8 million loan helped fund construction of a commercial building located in a moderate-income census tract within an enterprise zone located in downtown Merced. Another \$2.7 million loan helped create 81 units of affordable housing targeted to low- and moderate-income individuals within the City of Merced. Three other loans totaling \$1.6 million were extended to organizations that provide healthcare and social services primarily to low-income individuals and families.

INVESTMENT TEST

Overall, the bank's investment performance within the Merced County assessment area is good. As noted in Table 6, during the review period, the bank made 35 qualified community development investments and grants totaling just under \$7.8 million during this evaluation period. Investments included three general obligation bonds totaling \$6.0 million and a \$1.0 million QZAB that helped rehabilitate local schools primarily serving low- and moderate-income students. Another \$650,000 general obligation bond investment helped fund various Section 8 housing projects within the assessment area. County Bank also provided 30 grants and donations totaling \$79,800 which helped fund scholarships for students from low- and moderate-income households and helped community-based organizations provide health and social services to low- and moderate-income individuals. Two prior-period investments totaling approximately \$2.4 million enhanced the bank's performance in this assessment area. There were no unfunded commitments in this assessment area.

SERVICE TEST

The provision of retail banking and community development services is good.

Retail Banking Services

County Bank's delivery systems are readily accessible to essentially all portions of the Merced assessment area. As seen in Table 7, the bank's seven branches are located throughout moderate- and middle-income areas. There are no low-income census tracts within this assessment area. There were no branch openings or closures during this evaluation period.

Community Development Services

County Bank personnel provided a high level of community development services. During this review period, the bank employees provided 437 hours of services to 27 different community development community organizations.

Highlights of these services include 73 hours spent serving on the City of Merced's economic development committee and the Merced County Economic Development Corporation which help to revitalize and stabilize the area through the attraction of new business and the expansion and retention of existing companies. Employees also spent 56 hours participating in fund raising activities that helped local hospitals provide services targeted to low- and moderate-income individuals and help fund financial education classes at local schools that primarily serve low- and moderate-income individuals. Other qualified services were provided to organizations that primarily benefited low- and moderate-income individuals and small businesses.

STANISLAUS COUNTY

DESCRIPTION OF OPERATIONS IN STANISLAUS COUNTY

The Stanislaus County assessment area is defined as all of Stanislaus County, and represents the Modesto MSA. Situated in the San Joaquin Valley, Stanislaus County is bordered by San Joaquin to the north, Calaveras and Tuolumne counties to the east, Merced County to the South, and Santa Clara County to the west. Cities in the assessment area include Ceres, Hughson, Modesto - the county seat, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford.

County Bank has a significant presence in this assessment area. As of June 30, 2006, the bank held \$274 million in deposits, representing 4.7 percent market share, and ranked seventh out of 21 FDIC-insured depository institutions.²¹ According to the 2005 aggregate CRA data, County Bank ranked 19th out of the 54 lenders reporting small business loans with a 0.5 percent market share, and 12th out of the 18 lenders reporting small farm loans with a 1.8 percent market share. Primary competitors in the market are large national and regional banks and thrifts. These institutions also compete with County Bank for community development loans and investments.

Exhibit 5 on the following page highlights demographic information from the 2000 U.S. Census data. This information was used to help develop the performance context for the Stanislaus assessment area. Current Dun and Bradstreet data regarding the number of small businesses and small farms was not available for this assessment area as a result that information has been excluded from Exhibit 5.

²¹ Federal Deposit Insurance Corporation, Institution Directory, *Summary of Deposits*, June 30, 2006 (accessed February 28, 2007); available from <http://www3fdic.gov/sod/socMarketRpt.asp?barItem=2>

EXHIBIT 5								
ASSESSMENT AREA DEMOGRAPHICS								
STANISLAUS COUNTY								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	3	3.4	2,296	2.1	873	38.0	23,968	21.7
Moderate-income	20	22.5	21,381	19.4	4,880	22.8	19,038	17.3
Middle-income	45	50.6	58,459	53.0	6,139	10.5	22,833	20.7
Upper-income	21	23.6	28,113	25.5	1,655	5.9	44,410	40.3
Total AA	89	100.0	110,249	100.0	13,547	12.3	110,249	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	3,556	1,011	28.4	1.1	2,345	65.9	200	5.6
Moderate-income	29,365	13,154	44.8	14.6	14,785	50.3	1,426	4.9
Middle-income	80,292	48,445	60.3	53.9	28,944	36.0	2,903	3.6
Upper-income	37,594	27,301	72.6	30.4	9,161	24.4	1,132	3.0
Total AA	150,807	89,911	59.6	100.0	55,235	36.6	5,661	3.8
Median Family Income (2000)			\$44,705		Median Housing Value (Dec. 2006) ²²			\$377,000
HUD Adjusted Median Family Income (2006)			\$54,400		Unemployment Rate (2006) ²³			8.0%

Stanislaus County remains one of the most productive agricultural areas in California. According to California Department of Food & Agriculture, Stanislaus ranked sixth in the state with total agricultural production for 2005 valued at \$2.0 billion. Leading commodities produced within Stanislaus County were milk, almonds, cattle and calves, chickens, and walnuts.²⁴

As in many counties in the Central Valley area of California, farm-based employment in Stanislaus County in relation to total employment has declined over the last decade. This is largely attributable to workers leaving the agricultural industry for higher-paying jobs in construction, landscaping, or restaurants and hotels.²⁵ For example, farm-based employment represented seven percent of total employment in 2006, down from 11 percent in 1996. Conversely, most major non-farm industries saw a notable growth over the last decade. Industries with the most growth were: natural resources, mining, and construction; leisure and hospitality; and educational and health services.²⁶

²² Employment Development Department, State of California, *Median Price of Homes Sold* (accessed March 2, 2007); available from <http://www.labormarketinfo.edd.ca.gov>.

²³ Employment Development Department, State of California, *Unemployment Rate & Labor Force*, March 2, 2007 (accessed April 18, 2007); available from <http://www.labormarketinfo.edd.ca.gov>.

²⁴ California Department of Food & Agriculture, *California Agricultural Resource Directory 2006, Agricultural Statistical Review* (accessed April 19, 2007); available from http://www/cdfa.ca.gov/card/pdfs/ResDir06_Overview.pdf.

²⁵ Carey, Brian. (August 2006). *Modesto*. Moody's Economy.com, Inc.

²⁶ Employment Development Department, State of California, *Industry Employment & Labor Force* (accessed April 18, 2007); available from <http://www.labormarketinfo.edd.ca.gov>.

As with any areas with seasonal economies, Stanislaus County exhibits a high unemployment rate. In 2006, annual average unemployment was 8.0 percent, as compared to the state average of 4.9 percent.²⁷ However, Stanislaus County, along with two other full-scope assessment areas, has seen a downward trend in the unemployment rate for the last three consecutive years. Employment growth in the previously noted non-farm industries contributed to this improvement.

After more than doubling over the preceding five years, house-price appreciation in the Modesto area has slowed down a bit. Nevertheless, affordable housing remains one of the most pressing issues and a critical need in the area, as housing affordability remains beyond the ability of the median income family in this area. For example, according to the California Association of Realtors®, Stanislaus County's housing affordability index²⁸ dropped from 27 percent in November 2004 to 10 percent in November 2005, reflecting the largest drop among all counties in the state.

Not unlike the Fresno and Merced County assessment areas, community contacts indicate that a substantial majority of the area business and farms are "small businesses" or "small farms" with gross annual revenues of \$1 million or less. Similar to the other assessment areas, micro-loans for small businesses were identified as critical credit needs within this assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN STANISLAUS COUNTY

LENDING TEST

Overall, the bank's lending performance within the Stanislaus County assessment area is excellent, with particular strength noted in the geographic distributions of small business and small farm loans as well as the level and impact of community development loans.

Lending Activity

Overall lending levels are good. As seen in Table 1, the percentage of loans the bank originated was higher than the percentage of deposits gathered in this assessment area.

Lending Distribution by Geography

Small Business Loans

The geographic distribution of small business loans is excellent. As shown in Table 2, the bank's lending was well distributed in all census tract categories. The bank's performance was strong in low- and moderate-income census tracts as it significantly exceeded with the aggregate market. The bank's market share in low- and moderate-income geographies also exceeded its

²⁷ Ibid.

²⁸ Percentage of households that can afford to purchase a median-priced home, as measured by California Association of Realtors®.

overall market share within this assessment area. Current Dun & Bradstreet data on the geographic distribution of businesses was not available for comparison in this assessment area.

Small Farm Loans

The geographic distribution of small farm loans is excellent. Performance was strong in moderate-income census tracts with the bank's lending doubling that of the aggregate market as shown in Table 3. Furthermore, the bank's market share of small farm lending in moderate-income tracts far exceeds its market share in overall small farm lending. The bank did not extend small farm loans in low-income census tracts, although opportunities appear to be limited in these geographies. Current Dun & Bradstreet data on the geographic distribution of farms was not available for comparison in this assessment area.

Lending Distribution by Business and Farm Revenues

Small Business Loans

The borrower distribution of small business loans is good. The majority of small business loans were made to businesses with gross annual revenues of \$1 million or less and also in small amounts, thereby addressing an articulated credit need of small businesses. Additionally, the bank's lending performance was comparable to the aggregate market as shown in Table 4. Current Dun & Bradstreet data on the percentage of small businesses was not available for comparison in this assessment area.

Small Farm Loans

The borrower distribution of small farm loans is excellent. Two-thirds of small farm loans were made to farms with gross annual revenues of \$1 million or less. In addition, the bank's lending performance significantly exceeded the aggregate market. As shown in Table 5, the bank's market share of lending to small farms is comparable to its share in overall small farm lending. Current Dun & Bradstreet data on the percentage of small farms was not available for comparison in this assessment area.

Community Development Lending

The bank extended a relatively high level of community development loans within the Stanislaus County assessment area. As seen in Table 1, the bank originated two community development loans totaling \$8.4 million that promoted economic revitalization and stabilization within the assessment area. A \$4.5 million loan helped finance the rehabilitation of an existing commercial building located in a low-income census tract within the Modesto Redevelopment Project Area. Once rehabilitated, the three-story building will offer over 29,000 square feet of office and street-level retail space. The other \$3.9 million loan helped to refinance and fund improvements to several industrial buildings also located in a low-income census tract within the Modesto Redevelopment Project Area.

INVESTMENT TEST

Overall, the bank's investment performance within the Stanislaus County assessment area is good. As seen in Table 6, during the review period the bank made 29 qualified community development investments and grants totaling \$883,000 during this review period. These investments included a \$650,000 general obligation bond issued to help rehabilitate a local school serving primarily low- and moderate-income students and 28 qualified grants and donations to a variety of community-based organizations totaling \$233,000. The bank's performance was enhanced by four prior-period investments totaling approximately \$5.2 million which helped to finance or subsidize a total of 121 affordable housing units in this assessment area. There were no unfunded commitments in this assessment area during this period of review.

SERVICE TEST

The provision of retail and community development services in the Stanislaus County assessment area is excellent.

Retail Banking Services

County Bank's delivery systems are readily accessible to essentially all portions of the Stanislaus assessment area. As seen in Table 7, the bank's seven branches are located throughout census tracts of all income levels. During this review period, the bank enhanced accessibility of services by opening three new branches in middle- and upper-income census tracts and there were no branch closures during this evaluation period.

Community Development Services

The provision of community development services is excellent. Bank employees contributed a very high level of services with 916 hours of services provided 19 different community development organizations that promote affordable housing, economic development by financing small businesses, and community services targeted to low- and moderate-income individuals.

Highlights include employees contributing 255 hours of time to develop and deliver financial education to help prevent financial abuse of low- and moderate-income senior citizens within the assessment area. Employees also spent 216 hours serving on the board at Stanislaus County Affordable Housing Corporation, a non-profit organization develops and constructs affordable housing, provides transitional housing to assist the homeless and provides down-payment assistance and counseling for first-time home buyers. Another employee spent 52 hours serving as a member of a micro-loan committee for an organization that extends credit to start up businesses and businesses that can not qualify for conventional business loans. The remaining hours of qualified services primarily assisted organizations that provide social services to low- and moderate-income individuals.

LIMITED-SCOPE ASSESSMENT AREA CONCLUSIONS

For each assessment area where a limited-scope review was performed using the examination procedures.

County Bank's performance in the assessment areas receiving limited reviews is largely consistent with the overall performance for the lending, investment, and service tests. As noted in the table below, in some instances performance in areas receiving limited reviews either was below or exceeded the performance noted for areas receiving full scope reviews. However, these differences do not change the conclusions for the bank's performance overall. Facts and data reviewed, including performance and demographic information, can be found in the tables accompanying this report.

ASSESSMENT AREA	LENDING TEST	INVESTMENT TEST	SERVICE TEST
Madera	Consistent	Exceeds	Consistent
Mariposa	Consistent	Consistent	Consistent
Sacramento	Consistent	Consistent	Consistent
San Francisco	Consistent	Consistent	Consistent
San Joaquin	Exceeds	Exceeds	Below
San Jose	Consistent	Below	Below
Tuolumne	Below	Consistent	Below

APPENDIX A

GLOSSARY OF TERMS

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

Census tract: 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 statistical 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: All Agencies have adopted the following language. 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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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 householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance under the lending, investment, and service tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes 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 refinancings of home improvement and home purchase loans.

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

Limited-scope review: Performance under the lending, investment, and service tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a

MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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 multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

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

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.

APPENDIX B

CRA CORE TABLES

Table 1	Lending Volume of Reported Loans
Table 2	Geographic Distribution of Small Business Loans
Table 3	Geographic Distribution of Small Farm Loans
Table 4	Borrower Distribution of Small Business Loans
Table 5	Borrower Distribution of Small Farm Loans
Table 6	Qualified Investments
Table 7	Distribution of Branch Delivery System and Branch Openings/Closings

County Bank, Merced, California

Rated Area: State of California

Table 1 - Lending Volume of Reported Loans

Evaluation Period: January 1, 2005 to December 31, 2006

Assessment Area	% of Rated Area Loans	Small Business Loans		Small Farm Loans		All HMDA Loans		Community Development Loans		Total Reported Loans		% of Rated Area Deposits
		# Loans	\$ (000's)	# Loans	\$ (000's)	# Loans	\$ (000's)	# Loans	\$ (000's)	# Loans	\$ (000's)	
<i>Full-Scope Review</i>												
FRESNO	20.50	123	27,748	22	6,125	2	386	1	1,688	148	35,947	9.36
MERCED	36.15	156	33,578	79	15,398	21	10,110	5	9,115	261	68,201	57.69
STANISLAUS	22.30	129	28,228	28	6,033	2	1,092	2	8,375	161	43,728	18.32
<i>Limited Scope Review</i>												
MADERA	5.12	21	6,647	16	3,648	0	0	0	0	37	10,295	2.86
MARIPOSA	1.66	10	2,821	2	525	0	0	0	0	12	3,346	3.99
SACRAMENTO	4.99	36	12,242	0	0	0	0	0	0	36	12,242	1.02
SAN FRANCISCO	3.19	19	5,996	0	0	4	10,058	0	0	23	16,054	3.75
ALAMEDA COUNTY	0.83	6	1,655	0	0	0	0	0	0	6	1,655	0.00
SAN FRANCISCO - SAN MATEO COUNTIES	2.35	13	4,341	0	0	4	10,058	0	0	17	14,399	3.75
SAN JOAQUIN	3.60	23	5,665	0	0	0	0	3	10,170	26	15,835	0.45
SAN JOSE	1.80	12	1,584	0	0	1	285	0	0	13	1,869	0.00
TUOLUMNE	0.69	3	108	0	0	2	500	0	0	5	608	2.56

County Bank, Merced, California

Rated Area: State of California

Table 2 - Geographic Distribution of Small Business Loans

Evaluation Period: January 1, 2005 to December 31, 2006

Assessment Areas	Total Loans from Bank		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%)				Market Share (%)				
	# Loans	% Rated Area Total	Bank Loans (%)	Business Entities (%)	Bank Loans (%)	Business Entities (%)	Bank Loans (%)	Business Entities (%)	Bank Loans (%)	Business Entities (%)	Low	Mod	Mid	Upp	Overall	Low	Mod	Mid	Upp
<i>Full-Scope Review</i>																			
FRESNO	123	23.12	7.32	6.89	26.83	27.83	23.58	33.35	42.28	31.92	4.99	24.06	32.02	38.93	0.29	0.52	0.32	0.26	0.27
MERCED	156	29.32	0.00	0.00	34.62	31.60	43.59	47.66	21.79	20.74	0.00	24.62	49.03	26.35	2.40	0.00	3.08	2.23	2.07
STANISLAUS *	129	24.25	12.40	-	19.38	-	47.29	-	20.93	-	6.44	14.64	50.18	28.74	0.50	0.79	0.97	0.41	0.35
<i>Limited-Scope Review</i>																			
MADERA	21	3.95	0.00	0.00	23.81	16.39	57.14	54.46	19.05	29.14	0.00	14.19	52.84	32.97	0.22	0.00	0.26	0.35	0.00
MARIPOSA	10	1.88	0.00	0.00	0.00	0.00	100.00	95.10	0.00	4.90	0.00	0.00	94.66	5.34	1.53	0.00	0.00	1.61	0.00
SACRAMENTO	36	6.77	5.56	9.57	44.44	29.11	27.78	32.95	22.22	28.38	7.48	25.89	32.65	33.97	0.02	0.00	0.02	0.02	0.02
SAN FRANCISCO	19	3.57	21.05	15.78	10.53	20.47	26.32	36.45	42.11	27.29	12.17	19.48	38.13	30.22	0.01	0.02	0.00	0.01	0.01
ALAMEDA COUNTY	6	1.13	0.00	13.99	33.33	18.80	0.00	39.16	66.67	28.06	10.85	16.74	39.87	32.54	0.01	0.00	0.00	0.00	0.02
SAN FRANCISCO - SAN MATEO COUNTIES	13	2.44	30.77	17.18	0.00	21.77	38.46	34.35	30.77	26.70	13.16	21.52	36.84	28.49	0.01	0.02	0.00	0.01	0.01
SAN JOAQUIN	23	4.32	0.00	9.80	39.13	24.37	21.74	36.93	39.13	28.89	6.29	20.45	35.08	38.18	0.12	0.00	0.29	0.07	0.09
SAN JOSE	12	2.26	91.67	3.42	0.00	23.44	8.33	44.61	0.00	28.53	2.94	19.92	46.50	30.64	0.01	0.30	0.00	0.00	0.00
TUOLUMNE	3	0.56	0.00	0.00	0.00	0.00	66.67	87.20	33.33	12.80	0.00	0.00	89.88	10.12	0.07	0.00	0.00	0.00	0.66

Demographic data are based on 2000 U.S. Census and 2004 OMB definitions for MSAs; business data are from 2006 Dun & Bradstreet data; aggregate lending and market share data are from 2005.

* Current Dun & Bradstreet data regarding the distribution of businesses within the Stanislaus assessment area was not available.

County Bank, Merced, California

Rated Area: State of California

Table 3 - Geographic Distribution of Small Farm Loans

Evaluation Period: January 1, 2005 to December 31, 2006

Assessment Areas	Total Loans from Bank		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%)				Market Share (%)				
	# Loans	% Rated Area Total	Bank Loans (%)	Farm Entities (%)	Bank Loans (%)	Farm Entities (%)	Bank Loans (%)	Farm Entities (%)	Bank Loans (%)	Farm Entities (%)	Low	Mod	Mid	Upp	Overall	Low	Mod	Mid	Upp
<i>Full-Scope Review</i>																			
FRESNO	22	14.97	0.00	0.50	59.09	25.77	40.91	48.01	0.00	25.72	1.45	23.31	45.05	30.19	0.97	0.00	1.55	1.34	0.00
MERCED	79	53.74	0.00	0.00	7.59	13.64	86.08	76.06	6.33	10.30	0.00	10.71	79.17	10.12	12.20	0.00	11.11	13.16	5.88
STANISLAUS *	28	19.05	0.00	-	25.00	-	57.14	-	17.86	-	0.97	12.82	62.72	23.50	1.75	0.00	4.55	1.24	1.65
<i>Limited-Scope Review</i>																			
MADERA	16	10.88	0.00	0.00	0.00	1.23	100.00	86.52	0.00	12.25	0.00	4.69	79.30	16.02	3.91	0.00	0.00	4.93	0.00
MARIPOSA	2	1.36	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	100.00	0.00	5.88	0.00	0.00	5.88	0.00
SACRAMENTO	0	0.00	0.00	1.86	0.00	11.46	0.00	43.03	0.00	43.65	6.61	20.23	36.19	36.96	0.00	0.00	0.00	0.00	0.00
SAN FRANCISCO	0	0.00	0.00	5.52	0.00	9.59	0.00	29.98	0.00	54.92	7.84	23.09	36.86	32.20	0.00	0.00	0.00	0.00	0.00
ALAMEDA COUNTY	0	0.00	0.00	4.90	0.00	6.60	0.00	24.20	0.00	64.30	6.70	18.75	37.95	36.61	0.00	0.00	0.00	0.00	0.00
SAN FRANCISCO - SAN MATEO COUNTIES	0	0.00	0.00	6.00	0.00	11.90	0.00	34.50	0.00	47.70	8.79	26.74	36.26	28.21	0.00	0.00	0.00	0.00	0.00
SAN JOAQUIN	0	0.00	0.00	0.76	0.00	7.16	0.00	56.97	0.00	35.11	1.55	8.53	51.55	38.37	0.00	0.00	0.00	0.00	0.00
SAN JOSE	0	0.00	0.00	1.95	0.00	17.92	0.00	40.72	0.00	39.41	2.06	16.84	50.86	30.24	0.00	0.00	0.00	0.00	0.00
TUOLUMNE	0	0.00	0.00	0.00	0.00	0.00	0.00	79.41	0.00	20.59	0.00	0.00	83.33	16.67	0.00	0.00	0.00	0.00	0.00

Demographic data are based on 2000 U.S. Census and 2004 OMB definitions for MSAs; business data are from 2006 Dun & Bradstreet data; aggregate lending and market share data are from 2005.

* Current Dun & Bradstreet data regarding the distribution of farms within the Stanislaus assessment area was not available.

County Bank, Merced, California

Rated Area: State of California

Table 4 - Borrower Distribution of Small Business Loans

Evaluation Period: January 1, 2005 to December 31, 2006

Assessment Areas	Total Small Business Loans		Businesses with Revenue <= \$1 Million		Originations Regardless of Revenue Size			Aggregate Lending (%)		Market Share (%)	
	# Loans	% Rated Area Total	Bank Loans (%)	All Businesses (%)	<= \$100K	> \$100K and <= \$250K	> \$250K and <= \$1 Million	All Loans	Loans to Revenue <= \$1 Million (%)	All Loans	Loans to Revenue <= \$1 Million (%)
<i>Full-Scope Review</i>											
FRESNO	123	23.12	56.10	87.75	46.34	25.20	28.46	19,303	45.77	0.29	0.31
MERCED	156	29.32	64.74	88.94	48.72	24.36	26.92	3,294	48.15	2.40	3.15
STANISLAUS *	129	24.25	-	-	49.61	20.93	29.46	9,825	49.00	0.50	0.46
<i>Limited-Scope Review</i>											
MADERA	21	3.95	66.67	90.73	38.10	14.29	47.62	2,727	49.17	0.22	0.22
MARIPOSA	10	1.88	60.00	93.61	40.00	10.00	50.00	393	51.40	1.53	0.99
SACRAMENTO	36	6.77	41.67	88.61	22.22	25.00	52.78	38,305	48.01	0.02	0.03
SAN FRANCISCO	19	3.57	52.63	86.91	15.79	42.11	42.11	109,513	51.40	0.01	0.01
ALAMEDA COUNTY	6	31.58	83.33	87.06	16.67	50.00	33.33	46,728	51.49	0.01	0.01
SAN FRANCISCO - SAN MATEO COUNTIES	13	68.42	38.46	86.79	15.38	38.46	46.15	62,785	51.33	0.01	0.01
SAN JOAQUIN	23	4.32	52.17	87.59	34.78	39.13	26.09	11,929	48.93	0.12	0.14
SAN JOSE	12	2.26	8.33	86.37	58.33	16.67	25.00	57,644	51.20	0.01	0.00
TUOLUMNE	3	0.56	66.67	92.37	100.00	0.00	0.00	1,502	53.33	0.07	0.12

Business data are from 2006 Dun & Bradstreet data; aggregate lending and market share data are from 2005.

* Current Dun & Bradstreet data regarding the distribution of farms within the Stanislaus assessment area was not available.

County Bank, Merced, California

Rated Area: State of California

Table 5 - Borrower Distribution of Small Farm Loans

Evaluation Period: January 1, 2005 to December 31, 2006

Assessment Areas	Total Small Farm Loans		Farms with Revenue <= \$1 Million		Originations Regardless of Revenue Size			Aggregate Lending (%)		Market Share (%)	
	# Loans	% Rated Area Total	Bank Loans (%)	All Farms (%)	<= \$100K	> \$100K and <= \$250K	> \$250K and <= \$500K	All Loans	Loans to Revenue <= \$1 Million (%)	All Loans	Loans to Revenue <= \$1 Million (%)
<i>Full-Scope Review</i>											
FRESNO	22	14.97	59.09	86.37	18.18	31.82	50.00	828	58.09	0.97	1.46
MERCED	79	53.74	73.42	86.49	36.71	31.65	31.65	336	53.57	12.20	16.11
STANISLAUS *	28	19.05	-	-	28.57	32.14	39.29	515	59.81	1.75	1.62
<i>Limited-Scope Review</i>											
MADERA	16	10.88	75.00	86.27	18.75	50.00	31.25	256	63.67	3.91	6.13
MARIPOSA	2	1.36	100.00	92.11	50.00	0.00	50.00	17	94.12	5.88	6.25
SACRAMENTO	0	0.00	0.00	93.50	0.00	0.00	0.00	257	77.43	0.00	0.00
SAN FRANCISCO	0	0.00	0.00	89.93	0.00	0.00	0.00	472	75.85	0.00	0.00
ALAMEDA COUNTY	0	0.00	0.00	93.40	0.00	0.00	0.00	214	77.20	0.00	0.00
SAN FRANCISCO - SAN MATEO COUNTIES	0	0.00	0.00	87.20	0.00	0.00	0.00	258	72.20	0.00	0.00
SAN JOAQUIN	0	0.00	0.00	88.07	0.00	0.00	0.00	516	62.60	0.00	0.00
SAN JOSE	0	0.00	0.00	89.25	0.00	0.00	0.00	291	74.23	0.00	0.00
TUOLUMNE	0	0.00	0.00	91.18	0.00	0.00	0.00	12	83.33	0.00	0.00

Business data are from 2006 Dun & Bradstreet data; aggregate lending and market share data are from 2005.

* Current Dun & Bradstreet data regarding the distribution of farms within the Stanislaus assessment area was not available.

County Bank, Merced, California

Rated Area: State of California

Table 6 - Qualified Investments

Evaluation Period: January 1, 2005 to December 31, 2006

Assessment Area	Prior Period Investments*		Current Period Investments**		Total Investments			Unfunded Commitments***	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total	#	\$ (000's)
<i>Full-Scope Review</i>									
FRESNO	0	0	17	2,195	17	2,195	6.98	0	0
MERCED	2	2,425	35	7,750	37	10,175	32.4	0	0
STANISLAUS	4	5,194	29	883	33	6,077	19.3	0	0
STATEWIDE OR REGIONAL	16	9,667	0	0	16	9,667	30.76	2	24
<i>LimitedScope Review</i>									
MADERA	2	1,414	16	550	18	1,964	6.25	0	0
MARIPOSA	0	0	4	1	4	1	0	0	0
SACRAMENTO	0	0	2	3	2	3	0	0	0
SAN FRANCISCO	1	921	2	10	3	931	2.96	1	8
ALAMEDA COUNTY	0	0	0	0	0	0	0	0	0
SAN FRANCISCO - SAN MATEO COUNTIES	1	921	2	10	3	931	3	0	0
SAN JOAQUIN	0	0	5	410	5	410	1.30	1	1,607
SAN JOSE	0	0	0	0	0	0	0	0	0
TUOLUMNE	0	0	2	2	2	2	0	0	0

*Investments made in a previous evaluation period that are outstanding as of the examination date.

** Exclude donations and grants.

***Legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

County Bank, Merced, California

Rated Area: State of California

Table 7 - Distribution of Branch Delivery System and Branch Openings/Closings

Evaluation Period: January 1, 2005 to March 26, 2007

Assessment Areas	Deposits	Branches (as of 3/26/07)						Branch Openings / Closings						Population			
	% of Rate Area Deposits in AA	# of Bank Branches	% of Rated Area Branches in AA	Location of Branches by Income Level of Geography (%)				# 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
<i>Full-Scope Review</i>																	
FRESNO	9.36	7	25.00	14.29	28.57	14.29	42.86	3	0	0	+1	+1	+1	4.73	32.88	35.66	26.63
MERCED	57.69	7	25.00	0.00	28.57	71.43	0.00	0	0	0	0	0	0	0.00	26.44	50.04	23.52
STANISLAUS	18.32	7	25.00	14.29	14.29	57.14	14.29	3	0	0	0	+2	+1	2.66	21.22	52.77	23.35
<i>Limited-Scope Review</i>																	
MADERA	2.86	1	3.57	0.00	100.00	0.00	0.00	0	0	0	0	0	0	0.00	21.87	54.77	23.36
MARIPOSA	3.99	1	3.57	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	0.00	86.78	13.22
SACRAMENTO	1.02	1	3.57	0.00	100.00	0.00	0.00	1	0	0	+1	0	0	8.88	30.36	35.53	25.23
SAN FRANCISCO	3.75	1	3.57	0.00	100.00	0.00	0.00	0	0	0	0	0	0	9.05	22.97	41.97	25.98
ALAMEDA COUNTY	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	10.69	21.48	41.34	26.44
SAN FRANCISCO - SAN MATEO COUNTIES	3.75	1	3.57	0.00	100.00	0.00	0.00	0	0	0	0	0	0	7.46	24.42	42.59	25.53
SAN JOAQUIN	0.45	1	3.57	0.00	0.00	100.00	0.00	1	0	0	0	+1	0	5.88	25.65	38.34	30.13
SAN JOSE	0.00	1	3.57	0.00	0.00	100.00	0.00	1	0	0	0	+1	0	4.03	22.79	47.69	25.49
TUOLUMNE	2.56	1	3.57	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	0.00	86.00	14.00

APPENDIX C

LIMITED-SCOPE ASSESSMENT AREAS

MARKET PROFILES

All demographic and economic information in this appendix came from one of the following sources:

- 2000 U.S. Census
- 2006 Dun & Bradstreet data
- Bureau of Labor Statistics (Haver Analytics) created August 2006
- California County Profiles and California Labor Market Information (Employment Development Department of California), available at <http://www.labormarketinfo.edd.ca.gov>
- Income Limits, (U.S. Department of Housing and Urban Development), available at <http://www.huduser.org/datasets/il.html>

Data regarding County Bank's deposits, loans, investments and branches in these assessment areas may be found in Appendix B.

MARKET PROFILE								
MADERA ASSESSMENT AREA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	6,387	22.1
Moderate-income	4	21.1	5,224	18.1	1,945	37.2	4,813	16.7
Middle-income	11	57.9	15,211	52.7	2,118	13.9	6,098	21.1
Upper-income	4	21.1	8,455	29.3	518	6.1	11,592	40.1
Total AA	19	100.0	44,990	100.0	4,581	15.9	28,890	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract Income						
		Owner-Occupied		Renter-Occupied		Vacant		
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	6,959	2,724	39.1	11.4	3,857	55.4	378	5.4
Middle-income	21,467	12,494	58.2	52.2	6,283	29.3	2,690	12.5
Upper-income	11,961	8,731	73.0	36.5	2,066	17.3	1,164	9.7
Total AA	40,387	23,949	59.3	100.0	12,206	30.2	4,232	10.5
Income Categories	Total Businesses by Tract	Businesses by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	536	16.4	486	16.4	32	13.5	18	27.3
Middle-income	1,781	54.5	1,603	54.0	142	59.9	36	54.5
Upper-income	953	29.1	878	29.6	63	26.6	12	18.2
Total AA	3,270	100.0	2,967	100.0	237	100.0	66	100.0
Percentage of Total Businesses:			90.7		7.2		2.0	
Income Categories	Total Farms by Tract	Farms by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	5	1.2	3	0.9	2	3.7	0	0.0
Middle-income	353	86.5	302	85.8	49	90.7	2	100.0
Upper-income	50	12.3	47	13.4	3	5.6	0	0.0
Total AA	408	100.0	352	100.0	54	100.0	2	100.0
Percentage of Total Farms:			86.3		13.2		0.5	
Median Family Income (2000 U.S. Census)			\$39,249		Median Housing Value (December 2006)			\$300,000
HUD Adjusted Median Family Income (2006)			\$48,000		Unemployment Rate (2006)			7.0%

The Madera assessment area consists of Madera County in its entirety and is also the Madera MSA. Madera County lies south of the Yosemite Valley with most of the area's industrial and residential activity clustered along Highway 99. Chowchilla and Madera are the only two incorporated cities in this assessment area.

The agricultural industry continues to provide the largest employment base in this assessment area. Overall, employment in Madera County has increased 12.1 percent from 2003 to 2006. All major industries increased employment during this period. Three industries that increased employment by the largest shares of the new jobs were: government; wholesale and retail trades; and agriculture.

MARKET PROFILE								
MARIPOSA ASSESSMENT AREA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	948	21.2
Moderate-income	0	0.0	0	0.0	0	0.0	713	16.0
Middle-income	3	75.0	4,168	93.3	471	11.3	979	21.9
Upper-income	1	25.0	298	6.7	0	0.0	1,826	40.9
Total AA	4	100.0	4,466	100.0	471	10.5	4,466	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract Income						
		Owner-Occupied			Renter-Occupied		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	7,578	4,429	58.4	95.8	1,659	21.9	1,490	19.7
Upper-income	1,248	194	15.5	4.2	331	26.5	723	57.9
Total AA	8,826	4,623	52.4	100.0	1,990	22.5	2,213	25.1
Income Categories	Total Businesses by Tract	Businesses by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	699	95.1	657	95.5	24	92.3	18	85.7
Upper-income	36	4.9	31	4.5	2	7.7	3	14.3
Total AA	735	100.0	688	100.0	26	100.0	21	100.0
Percentage of Total Businesses:			93.6		3.5		2.9	
Income Categories	Total Farms by Tract	Farms by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	38	100.0	35	100.0	1	100.0	2	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	38	100.0	35	100.0	1	100.0	2	100.0
Percentage of Total Farms:			92.1		2.6		5.3	
Median Family Income (2000 U.S. Census)			\$42,554		Median Housing Value (December 2006)			\$567,690
HUD Adjusted Median Family Income (2006)			\$50,800		Unemployment Rate (2006)			5.6%

The Mariposa assessment area, which includes all of Mariposa County, is situated in the central Sierra Nevada Foothills. While there are no incorporated cities in Mariposa County, unincorporated areas include Catheys Valley, Coulterville, El Portal, Fish Camp, Greeley Hill, Hornitos, Midpines, Tuolumne Meadows, Wawona, and Yosemite. Mariposa County has an area of approximately 931,200 acres, close of half of which are publicly-owned and occupied by Yosemite National Park, the Bureau of Land Management, and the Sierra and Stanislaus National Forests. The variety of recreational activities associated with Yosemite National Park makes leisure and hospitality a leading industry in Mariposa County.

In 2006, leisure and hospitality industry provided 36.5 percent of the area's total employment. Federal and state government provides the second largest employment base in the area at 35.4 percent. During the period from 2003 to 2006, Mariposa's labor force increased by 490 or 9.7 percent.

MARKET PROFILE								
SACRAMENTO ASSESSMENT AREA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	26	9.3	22,601	7.5	6,920	30.6	67,788	22.6
Moderate-income	81	29.0	85,318	28.5	14,194	16.6	57,065	19.0
Middle-income	103	36.9	109,785	36.6	7,509	6.8	62,661	20.9
Upper-income	69	24.7	82,034	27.4	2,151	2.6	112,224	37.4
Total AA	279	100.0	299,738	100.0	30,774	10.3	299,738	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract Income						
		Owner-Occupied		Renter-Occupied		Vacant		
		#	%	%	#	%	#	%
Low-income	40,021	12,710	31.8	4.8	24,060	60.1	3,251	8.1
Moderate-income	142,908	61,710	43.2	23.4	73,552	51.5	7,646	5.4
Middle-income	172,847	100,845	58.3	38.2	65,487	37.9	6,515	3.8
Upper-income	119,038	88,546	74.4	33.6	26,692	22.4	3,800	3.2
Total AA	474,814	263,811	55.6	100.0	189,791	40.0	21,212	4.5
Income Categories	Total Businesses by Tract	Businesses by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	3,907	9.6	3,294	9.1	479	12.6	134	15.7
Moderate-income	11,888	29.1	10,366	28.6	1,251	32.9	271	31.8
Middle-income	13,455	32.9	12,044	33.3	1,167	30.7	244	28.7
Upper-income	11,590	28.4	10,485	29.0	903	23.8	202	23.7
Total AA	40,840	100.0	36,189	100.0	3,800	100.0	851	100.0
Percentage of Total Businesses:			88.6		9.3		2.1	
Income Categories	Total Farms by Tract	Farms by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	6	1.9	6	2.0	0	0.0	0	0.0
Moderate-income	37	11.5	34	11.3	3	15.0	0	0.0
Middle-income	139	43.0	126	41.7	12	60.0	1	100.0
Upper-income	141	43.7	136	45.0	5	25.0	0	0.0
Total AA	323	100.0	302	100.0	20	100.0	1	100.0
Percentage of Total Farms:			93.5		6.2		0.3	
Median Family Income (2000 U.S. Census)			\$50,742		Median Housing Value (December 2006)			\$352,168
HUD Adjusted Median Family Income (2006)			\$65,400		Unemployment Rate (2006)			4.7%

The Sacramento assessment area consists of Sacramento County in its entirety. The county is in the northern San Joaquin Valley, extending from the delta lands between the Sacramento and San Joaquin rivers to the foothills of the Sierra Nevada. Sacramento County, together with El Dorado, Placer, and Yolo Counties, comprises the Sacramento-Arden-Arcade-Roseville MSA. Sacramento County includes the cities of Citrus Heights, Folsom, Galt, Isleton, and Sacramento, the California state capitol.

In 2006, government remained the largest industry employer in this assessment area, providing 25.2 percent of all employment. Trade, transportation, and utilities accounted for 16.9 percent of total industry employment, with a majority of jobs in retail trade. During the period from 2003 to 2006, overall employment in Sacramento County increased by 6.4 percent adding 54,500 jobs.

MARKET PROFILE								
SAN FRANCISCO ASSESSMENT AREA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	68	10.4	50,037	7.6	12,503	25.0	149,149	22.5
Moderate-income	150	23.0	134,434	20.3	15,401	11.5	117,782	17.8
Middle-income	255	39.1	284,281	43.0	11,814	4.2	137,035	20.7
Upper-income	176	27.0	193,039	29.2	4,100	2.1	257,825	39.0
Unknown-income	3	0.5	0	0.0	0	0.0	0	0.0
Total AA	652	100.0	661,791	100.0	43,818	6.6	661,791	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract Income						
		Owner-Occupied		Renter-Occupied		Vacant		
		#	%	%	#	%	#	%
Low-income	108,941	16,618	15.3	3.0	85,542	78.5	6,781	6.2
Moderate-income	246,195	79,406	32.3	14.2	157,544	64.0	9,245	3.8
Middle-income	479,681	255,005	53.2	45.7	210,170	43.8	14,506	3.0
Upper-income	312,424	206,828	66.2	37.1	96,011	30.7	9,585	3.1
Unknown-income	45	28	62.2	0.0	17	37.8	0	0.0
Total AA	1,147,286	557,885	48.6	100.0	549,284	47.9	40,117	3.5
Income Categories	Total Businesses by Tract	Businesses by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	19,613	15.8	16,308	15.1	2,864	20.6	441	18.8
Moderate-income	25,440	20.5	22,238	20.6	2,700	19.4	502	21.4
Middle-income	45,289	36.4	39,857	36.9	4,568	32.8	864	36.8
Upper-income	33,911	27.3	29,593	27.4	3,782	27.1	536	22.8
Unknown-income	106	0.1	81	0.1	21	0.2	4	0.2
Total AA	124,359	100.0	108,077	100.0	13,935	100.0	2,347	100.0
Percentage of Total Businesses:			86.9		11.2		1.9	
Income Categories	Total Farms by Tract	Farms by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	23	5.5	16	4.3	7	17.9	0	0
Moderate-income	40	9.6	33	8.8	6	15.4	1	33.3
Middle-income	125	30.0	115	30.7	8	20.5	2	66.7
Upper-income	229	54.9	211	56.3	18	46.2	0	0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0
Total AA	23	5.5	16	4.3	7	17.9	0	100
Percentage of Total Farms:			89.9		9.4		0.7	
Median Family Income (2000 U.S. Census)			San Francisco County		Median Housing Value (December 2006)		San Francisco County	
San Francisco County			\$63,545		San Francisco County		\$745,000	
Alameda County			\$65,857		Alameda County		\$597,000	
San Mateo County			\$80,737		San Mateo County		\$745,000	
HUD Adjusted Median Family Income (2006)			San Francisco-San Mateo-Redwood City MD		Unemployment Rate (2006)		San Francisco County	
San Francisco-San Mateo-Redwood City MD			\$91,200		San Francisco County		4.2%	
Oakland-Fremont-Hayward MD			\$83,800		Alameda County		4.4%	
					San Mateo County		3.7%	

The San Francisco assessment area is comprised of the entire counties of San Francisco, Alameda, and San Mateo. San Francisco and San Mateo counties are part of the San Francisco-San Mateo-Redwood City Metropolitan Division (MD), and Alameda County is part of the Oakland-Fremont-Hayward MD. These two MDs make up the San Francisco-Oakland-Fremont MSA.

Professional and business services; trade, transportation, and utilities; government; and leisure and hospitality industries continue to provide the largest employment base in this area. In 2006, these four industries together provided the majority of the area's total employment. During the period from 2003 to 2006, employment in San Francisco-San Mateo-Redwood City MD increased by 10,300 jobs and employment in Oakland-Fremont-Hayward MD increased by 19,400 jobs. Professional and business services and leisure and hospitality industries posted the largest increase in employment during this period. On the other hand, trade, transportation, and utilities and manufacturing industries reported decreased employment during this period.

MARKET PROFILE								
SAN JOAQUIN ASSESSMENT AREA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	8	6.6	6,850	5.1	2,679	39.1	30,817	22.8
Moderate-income	31	25.6	31,505	23.3	7,665	24.3	22,294	16.5
Middle-income	48	39.7	52,910	39.1	5,800	11.0	26,813	19.8
Upper-income	34	28.1	44,154	32.6	2,154	4.9	55,495	41.0
Total AA	121	100.0	135,419	100.0	18,298	13.5	135,419	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract Income						
		Owner-Occupied		Renter-Occupied		Vacant		
		#	%	%	#	%	#	%
Low-income	11,945	1,975	16.5	1.8	8,884	74.4	1,086	9.1
Moderate-income	45,220	21,369	47.3	19.5	21,756	48.1	2,095	4.6
Middle-income	74,849	43,079	57.6	39.3	29,072	38.8	2,698	3.6
Upper-income	57,146	43,248	75.7	39.4	12,246	21.4	1,652	2.9
Total AA	189,160	109,671	58.0	100.0	71,958	38.0	7,531	4.0
Income Categories	Total Businesses by Tract	Businesses by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	1,500	9.8	1,262	9.4	199	12.4	39	13.3
Moderate-income	3,729	24.4	3,180	23.7	480	29.9	69	23.5
Middle-income	5,650	36.9	5,030	37.5	529	32.9	91	31.1
Upper-income	4,420	28.9	3,928	29.3	398	24.8	94	32.1
Total AA	15,299	100.0	13,400	100.0	1,606	100.0	293	100.0
Percentage of Total Businesses:			87.6		10.5		1.9	
Income Categories	Total Farms by Tract	Farms by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	8	0.8	5	0.5	3	2.5	0	0.0
Moderate-income	75	7.2	62	6.7	13	10.7	0	0.0
Middle-income	597	57.0	525	56.9	68	56.2	4	100.0
Upper-income	368	35.1	331	35.9	37	30.6	0	0.0
Total AA	1,048	100.0	923	100.0	121	100.0	4	100.0
Percentage of Total Farms:			88.1		11.5		0.4	
Median Family Income (2000 U.S. Census)			\$46,893		Median Housing Value (December 2006)			\$429,000
HUD Adjusted Median Family Income (2006)			\$57,100		Unemployment Rate (2006)			7.4%

The San Joaquin assessment area consists of San Joaquin County in its entirety. As the northernmost county in the Central Valley, San Joaquin is ideally situated for bridging northern and central California. The area provides access to the Port of Stockton which serves ships from around the world, an airport that offers passenger and freight transport, and five railroads. San Joaquin County constitutes the Stockton MSA and includes the cities of Escalon, Lathrop, Lodi, Manteca, Ripon, Stockton and Tracy.

Trade, transportation, and utilities; government; and education and health services remain the three largest industries in the area. In 2006, these three industries together accounted for nearly 52 percent of the area's total employment. Employment in San Joaquin County saw a cumulative growth during the period from 2003 to 2006 with a gain of 9,900 jobs. The greatest growth occurred in the construction sector followed by the professional and business services; and the educational and health services.

MARKET PROFILE								
SAN JOSE ASSESSMENT AREA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	14	4.1	12,598	3.2	2,285	18.1	78,717	19.7
Moderate-income	73	21.4	77,751	19.4	7,241	9.3	70,519	17.6
Middle-income	161	47.2	193,734	48.5	7,675	4.0	85,479	21.4
Upper-income	93	27.3	115,682	28.9	2,423	2.1	165,050	41.3
Total AA	341	100.0	399,765	100.0	19,624	4.9	399,765	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract Income						
		Owner-Occupied		Renter-Occupied		Vacant		
		#	%	%	#	%	#	%
Low-income	19,754	3,953	20.0	1.2	15,397	77.9	404	2.0
Moderate-income	113,083	50,136	44.3	14.8	60,204	53.2	2,743	2.4
Middle-income	288,488	163,886	56.8	48.4	118,290	41.0	6,312	2.2
Upper-income	158,004	120,661	76.4	35.6	33,336	21.1	4,007	2.5
Total AA	579,329	338,636	58.5	100.0	227,227	39.2	13,466	2.3
Income Categories	Total Businesses by Tract	Businesses by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	2,184	3.4	1,891	3.4	262	3.5	31	2.4
Moderate-income	14,985	23.4	12,420	22.5	2,046	27.5	519	40.7
Middle-income	28,514	44.6	25,000	45.3	3,079	41.4	435	34.1
Upper-income	18,238	28.5	15,899	28.8	2,048	27.5	291	22.8
Total AA	63,921	100.0	55,210	100.0	7,435	100.0	1,276	100.0
Percentage of Total Businesses:			86.4		11.6		2.0	
Income Categories	Total Farms by Tract	Farms by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	6	2.0	6	2.2	0	0.0	0	0.0
Moderate-income	55	17.9	41	15.0	13	41.9	1	50.0
Middle-income	125	40.7	117	42.7	8	25.8	0	0.0
Upper-income	121	39.4	110	40.1	10	32.3	1	50.0
Total AA	307	100.0	274	100.0	31	100.0	2	100.0
Percentage of Total Farms:			89.3		10.1		0.7	
Median Family Income (2000 U.S. Census)			\$80,925		Median Housing Value (December 2006)			\$668,000
HUD Adjusted Median Family Income (2006)			\$97,100		Unemployment Rate (2006)			4.5%

The San Jose assessment area consists of the entire Santa Clara County. There are fifteen cities in the area: Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Palo Alto, San Jose, Santa Clara, Saratoga, and Sunnyvale.

As part of the San Jose-Sunnyvale-Santa Clara MSA, Santa Clara County contains the area known as Silicon Valley, an industrial region with concentration of electronics and computer companies. In 2006, manufacturing remained the largest industry by providing 19.0 percent of all employment in the area. Two other largest industries are professional and business services and trade, transportation and utilities, making up 18.3 percent and 15.1 percent of the area's total employment, respectively. During the period from 2003 to 2006, employment increased by 21,700 jobs.

MARKET PROFILE								
TULOMNE ASSESSMENT AREA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	2,472	17.3
Moderate-income	0	0.0	0	0.0	0	0.0	2,531	17.7
Middle-income	9	81.8	12,072	84.4	1,021	8.5	3,185	22.3
Upper-income	1	9.1	2,223	15.6	139	6.3	6,107	42.7
Unknown-income	1	9.1	0	0.0	0	0.0	0	0.0
Total AA	11	100.0	14,295	100.0	1,160	8.1	14,295	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract Income						
		Owner-Occupied		Renter-Occupied		Vacant		
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	21,388	12,502	58.5	83.6	5,348	25.0	3,538	16.5
Upper-income	6,948	2,459	35.4	16.4	695	10.0	3,794	54.6
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	28,336	14,961	52.8	100.0	6,043	21.3	7,332	25.9
Income Categories	Total Businesses by Tract	Businesses by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	2,241	87.2	2,073	87.3	132	85.2	36	87.8
Upper-income	329	12.8	301	12.7	23	14.8	5	12.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,570	100.0	2,374	100.0	155	100.0	41	100.0
Percentage of Total Businesses:		92.4		6.0		1.6		
Income Categories	Total Farms by Tract	Farms by Tract Income & Revenue Size						
		Less Than or Equal to \$1 Million		Greater than \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	54	79.4	50	80.6	3	60.0	1	100.0
Upper-income	14	20.6	12	19.4	2	40.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	68	100.0	62	100.0	5	100.0	1	100.0
Percentage of Total Farms:		91.2		7.4		1.5		
Median Family Income (2000 U.S. Census)			\$44,260		Median Housing Value (January 2007)			\$559,640
HUD Adjusted Median Family Income (2006)			\$50,800		Unemployment Rate (2006)			5.9%

The Tuolumne assessment area consists of Tuolumne County, which is a rural non-metropolitan area. The county is situated on the western slope of Sierra Nevada Mountains and contains just one incorporated city, Sonora. Unincorporated areas in the County include Cold Springs, Columbia, Groveland, Jamestown, Pinecrest, Tuolumne and Twain Harte.

Most employment in the Tuolumne area is related to government and trade, transportation, and utilities. In 2006, government was the largest industry employer followed by retail trade, accounting for 30.5 percent and 13.6 percent of the area's employment respectively. Tuolumne County's industries gained 730 jobs during the period from 2003 to 2006.