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Comptroller of the Currency  
Administrator of National Banks

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**Licensing Operations**

Western District Office  
1225 17<sup>th</sup> Street, Suite 300  
Denver, Colorado 80202-5534  
720-475-7650; Fax: 720-475-7691

**Conditional Approval #619**  
**February 2004**

January 16, 2004

Linda M. Iannone  
Senior Vice President and General Counsel  
Greater Bay Bancorp  
400 Emerson Street, Third Floor  
Palo Alto, CA 94301

**Re: Conversion** – Mid-Peninsula Bank, Palo Alto, CA to Greater Bay Bank, N.A.  
CAIS Control Number: 2003-WE-01-0008  
**Mergers** – State and National Chartered banks with and into Greater Bay Bank, N.A.  
CAIS Control Number: 2003-WE-02-0021  
**Operating Subsidiary** – Peninsula Real Estate Corporation  
CAIS Control Number: 2003-WE-08-0022

Dear Ms. Iannone:

The Comptroller of the Currency (OCC) has reviewed your request, dated October 30, 2003, to convert Mid-Peninsula Bank to a national bank, merge ten affiliated banks with and into the converted bank and acquire an operating subsidiary.

After a thorough review of all information available, including the representations and commitments made in the applications and the Greater Bay Bancorp's representatives, we find that your request meets the requirements for conditional approval to convert to a national banking association pursuant to 12 USC 35 and 12 CFR 5.24 as follows:

Title: Greater Bay Bank, National Association

Location: 420 Cowper Street, Palo Alto, California 94301

Charter Number: 24489

The Office of the Comptroller of the Currency (OCC), also approves the proposal to merge:

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Cupertino National Bank, Cupertino, California  
San Jose National Bank, San Jose, California  
Mt. Diablo National Bank, Danville, California  
Bank of Santa Clara, Santa Clara, California  
Bay Area Bank, Redwood City, California  
Bay Bank of Commerce, San Leandro, California  
Golden Gate Bank, San Francisco, California  
Bank of Petaluma, Petaluma, California  
Peninsula Bank of Commerce, Millbrae, California  
Coast Commercial Bank, Santa Cruz, California

with and into Greater Bay Bank, National Association, Palo Alto, California.

This approval is subject to the following condition:

The Bank: (i) shall give Assistant Deputy Comptroller for Mid-Sized Banks William D. Haas, in the OCC's Central District Office at least sixty (60) days prior written notice of the Bank's intent to significantly deviate or change from its business plan or operations<sup>1</sup> and (ii) shall obtain the OCC's written determination of no objection before the Bank engages in any significant deviation or change from its business plan or operations.

This condition of approval is a condition "imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 U.S.C. 1818. As such, the conditions are enforceable under 12 U.S.C. 1818.

The OCC approves Greater Bay Bank's plans to continue the following activities through operating subsidiaries:

- Mid-Peninsula Capital, LLC - issues common and preferred securities called "SKATES", Subsidiary Capital Tax-Exempt Securities.
- CNB Investment Trust I - purchases interests in consumer and commercial loans (REIT).
- Epic Funding Corporation – performs equipment-leasing activities.
- Peninsula Real Estate Corporation - acts as trustee on deeds of trust issued by the Greater Bay Bank, National Association, Palo Alto, California.

The bank is reminded that the operating subsidiaries must be operated in a manner consistent with published OCC guidance.

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<sup>1</sup> If such deviation is the subject of an application filed with the OCC, the OCC does not require notice to the supervisory office

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You are reminded that the following are required before the effective date of the conversion:

1. The institution must purchase adequate fidelity bond coverage in accordance with 12 CFR 7.2013, which lists four factors the directors should consider to determine adequacy.
2. If a director, officer, employee, or principal shareholder of the bank (including an entity in which such person owns an interest of 10 percent or more) is involved in the sale of credit life insurance to loan customers, the bank should ensure compliance with 12 CFR 2, which among other things, prohibits a covered person from retaining commissions or other income from the sale of credit life insurance connected with any loan the bank makes.
3. The board of directors must adopt and have in place policies, practices, and procedures to ensure the safe and sound operation of the bank. The board also must review those policies, practices, and procedures continually and ensure bank compliance with them. We are enclosing the minimum policies and procedures applicable to national banks.
4. Greater Bay Bank, National Association has represented that it intends to maintain its membership in the Federal Home Loan Bank (FHLB) system. If, at any time, Greater Bay Bank, National Association ceases to be a member of the FHLB system, it must use its best efforts, including contacting the appropriate FHLB and/or the Federal Housing Finance Board, to dispose of any stock in the FHLB. The OCC will consider this stock a nonconforming asset for any period that Greater Bay Bank, National Association is not a member of the FHLB system.
5. The converting institution must obtain any other required regulatory approvals.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications.

If the conversion is **not consummated within six months from the date of the decision, approval will be withdrawn.** The OCC is opposed to granting extensions, except under the most extenuating circumstances and expects the conversion to occur as soon as possible.

If the merger is not consummated **within one year from this date**, the approval shall automatically terminate unless the OCC has granted an extension.

It is our understanding that the capital stock and capital surplus accounts of merging banks will be added to Greater Bay Bank, National Association's capital surplus account. Prior to consummation of the merger, please provide us with the exact dollar amount of the changes to

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the resulting bank's capital surplus account

This letter also constitutes official OCC authorization to operate the attached list of branches. Please retain this letter as the official branch authorization. If the branch is closed, a 90-day advance notice of the proposed branch closing must be submitted to the OCC pursuant to 12 USC 1831r-1. Following the expiration of the 90-day notification period, this authorization must be surrendered. If the branch is sold, the branch authorization should be surrendered to the OCC.

The Western District Office must be advised **at least 10 days in advance** of the desired effective date for the conversion and merger so that the OCC may issue the necessary certification letter. The effective date must be on or after the date of this letter. Upon conversion, please submit a letter certifying that you have completed all steps required to convert to a national banking association.

This conditional approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the U.S., any agency or entity of the U.S., or any officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

If you have any questions, please contact Senior Licensing Analyst Geryl N. Race at (720) 475-7655 or [geryl.race@occ.treas.gov](mailto:geryl.race@occ.treas.gov).

A separate letter is enclosed requesting your feedback on how we handled your application. We would appreciate your response so we may improve our service.

Sincerely,

**-signed-**

Ellen Tanner Shepherd  
Licensing Manager

**Enclosures: Conversion Completed Certification Sample Letter  
Minimum Policies and Procedures**

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Approved branches of the Greater Bay Bank, National Association, Palo Alto, California

Petaluma Valley Branch  
#126731A  
800 North McDowell Boulevard  
Petaluma, CA 94954

Point Reyes Station Branch  
#126728A  
11400 State Route 1  
Point Reyes, CA 94956

Valley Ford Branch  
#126730A  
14435 Coast Highway 1  
Valley Ford, CA 94972

West Petaluma Branch  
#126729A  
100 Petaluma Boulevard South  
Petaluma, CA 94952

El Camino Branch  
#126719A  
1995 El Camino Real, Suite 202  
Santa Clara, CA 95051

Homestead Branch  
#126720A  
3595 Homestead Road  
Santa Clara, CA 95051

Milpitas Branch  
#126721A  
1785 Landess Avenue  
Milpitas, CA 95035

Sunnyvale Branch  
#126722A  
107 East El Camino Real  
Sunnyvale, CA 94087

Camden Branch  
#126723A  
2061 Camden Avenue  
San Jose, CA 95124

Evergreen Branch  
#126724A  
2779 Aborn Road  
San Jose, CA 95121

McKee Branch  
#126725A  
2150 McKee Road  
San Jose, CA 95112

First Street Branch  
#126726A  
625 North First Street  
San Jose, CA 95112

Redwood City Branch  
#126732A  
900 Veterans Boulevard  
Redwood City, CA 94063

San Leandro Branch  
#126737A  
1495 East 14<sup>th</sup> Street  
San Leandro, CA 94577

Hayward Branch  
#126738A  
1030 La Playa Drive  
Hayward, CA 94545

San Ramon Branch  
#126739A  
2821 Crow Canyon Road  
San Ramon, CA 94583

Danville Branch  
#126742A  
156 Diablo Road  
Danville, CA 94526

Pleasanton Branch  
#107070A  
900 Main Street, Suite 100  
Pleasanton, CA 94566

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Lafayette Branch

#109035A

3640 Mt. Diablo Boulevard

Lafayette, CA 94549

Blackhawk Branch

#115336A

4185 Blackhawk Circle

Danville, CA 94506

Millbrae Branch

#126746A

1001 Broadway

Millbrae, CA 94030

One North Market Branch

#090695A

One North Market Street

San Jose, CA 95113

Saratoga Branch

#116926A

12000 Saratoga-Sunnyvale Road

Saratoga, CA 95070

Los Gatos Branch

#075915A

15405 Los Gatos Boulevard

Los Gatos, CA 95032

Golden Gate Branch

#126740A

225 Bush Street, Suite 100

San Francisco, CA 94104

Cupertino Branch

#126741A

2230 Stevens Creek Boulevard

Cupertino, CA 95014-2292

River Street Branch

#127058A

75 River Street

Santa Cruz, CA 95060

Soquel Branch

#127061A

1975 Soquel Drive

Aptos, CA 95003

Aptos Branch

#127063A

7775 Soquel Drive

Aptos, CA 95003

Scotts Valley Branch

#127065A

203-A Mount Hermon Road

Scotts Valley, CA 95066

Watsonville Branch

#127066A

1055 South Green Valley

Watsonville, CA 95076

Capitola Branch

#127067A

1850 41<sup>st</sup> Street

Capitola, CA 95010

Greater Bay Bank – Carmel

#127068A

Mission and 5<sup>th</sup>

Carmel-by-the-Sea, CA 93921

San Mateo Branch

#127069A

100 S. Ellsworth Avenue

San Mateo, CA 94401

Greater Bay Bank – Contra Costa

#127070A

1255 Treat Boulevard

Walnut Creek, CA 94596

Greater Bay Bank – Fremont Region Branch

#127071A

39470 Paseo Padre Parkway

Fremont, CA 94538

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Greater Bay Bank – Marin Branch  
#127072A  
999 Fifth Avenue  
San Rafael, CA 94901

Palo Alto Branch  
#086753A  
3 Palo Alto Square  
Palo Alto, CA 94306

Emerson Branch  
#097245A  
400 Emerson Street  
Palo Alto, CA 94302

Downtown San Jose Branch  
#083888A  
Sixty South Market Street, Suite 520  
San Jose, CA 95113

San Jose Medical Center Depository Branch  
#079503A  
675 East Santa Clara Street  
San Jose , CA 95030

San Jose Office Branch  
#079140A  
160 West Santa Clara Street  
San Jose, CA 95113