



PUBLIC DISCLOSURE

January 10, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

C3bank, National Association
Charter Number 18242

850 S. Coast Hwy 101, Suite 1
Encinitas, CA 92024

Office of the Comptroller of the Currency

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

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Overall CRA Rating

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

The lending test is rated: Satisfactory.

- During the evaluation period, C3bank's (bank) lending performance within its assessment areas (AAs) reflects satisfactory responsiveness to community credit needs. The major factors that support this rating include:
 - The bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and business strategy.
 - A majority of the bank's loans were originated within its AAs.
 - The geographic distribution of loans reflects reasonable distribution in low- and moderate-income (LMI) areas.
 - Lending to borrowers of different sizes is reasonable.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA(s), the bank's loan-to-deposit ratio is reasonable.

We evaluated the bank's quarterly average LTD ratio for the 12 quarters since the prior Community Reinvestment Act (CRA) examination through December 31, 2020. During this period, C3bank's average LTD ratio was 86.5 percent and ranged from a high of 97.2 percent and low of 72.8 percent. These ratios were reasonable when compared to a group of the bank's peers which compete for loans and deposits. The peer average LTD ratio over the same period was 88.1 percent, with a high of 108.8 percent and a low of 51.5 percent. The bank's quarterly average LTD ratio did not vary as widely as the peer averages and remained at an overall reasonable level.

Lending in Assessment Area

A majority of the bank's loans are inside its AAs.

Based on the sample of 40 commercial loans, the bank originated and purchased 77.5 percent of the number and 64.1 percent of the dollar volume of its total loans inside the AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

We evaluated the bank's lending inside and outside of the AAs using a sample of 40 commercial loans originated from 2018 through 2020. Commercial loans were selected for the analysis as they represented the largest percentage of loan originations during the period given the bank's strategic focus. The results are displayed in Table D below. The concentration of loans inside the AAs had a positive impact on the bank's overall lending performance.

Table D - Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Commercial Loans	31	77.5	9	22.5	40	43,882	64.1	24,553	35.9	68,435
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Description of Institution

C3bank, National Association, is a full-service commercial bank headquartered in Encinitas, California. Their headquarters relocated from Riverside to Carlsbad in November of 2018, and to Encinitas in June of 2019. C3bank is a wholly owned subsidiary of C3bancorp, who acquired the bank from Duke Financial Group, Inc. in 2014.

C3bank operates three full-service branches in the counties of San Diego and Riverside, located in the cities of Encinitas, San Marcos, and Riverside. The bank's intended market remains unchanged since the previous CRA examination, offering general depository and lending services to entrepreneurs, commercial businesses, real estate investors, and professionals primarily throughout California and specific national areas.

The bank offers traditional lending products with an emphasis on commercial real estate and commercial and industrial loans. Additional loan products include 1-4 family residential unit investment property loans, multifamily residential real estate loans, small business loans and lines of credit, and construction loans. Consumer and retail products include automobile loans, home equity lines of credit, home equity loans/home improvement loans, overdraft protection lines of credit, and personal unsecured loans and lines of credit.

The bank also offers traditional banking services including full-service 24/7 online banking, wire transfers, automated clearing house online transactions, safe deposit boxes, remote deposit capture, and online bill payments. The San Marcos branch, located in an upper-income census tract, has the bank's only automated teller machine and offers walk-in services, drive-up teller services, and night depository services. The Riverside branch, located in a middle-income census tract, offers walk-in services and night depository services. The Encinitas branch, located in an upper-income census tract, offers only walk-in services. All three branches are open Monday through Friday from 9:00 a.m. to 5:00 p.m.. The Riverside branch is home to the bank's credit and operations administrative offices, offering services from 8:00 a.m. to 5:00 p.m. Monday through Friday.

As of December 31, 2020, C3bank reported total assets of \$542 million, total loans of \$365 million, total deposits of \$489 million, and total bank equity capital of \$47 million. Total loans represented 67.4 percent of total assets. Refer to the table below for a summary of the loan portfolio by major product types.

C3bank, N.A.		
Loan Portfolio by Major Product Type		
As of December 31, 2020		
Loan Type	(\$000's)	% of Portfolio
Commercial RE	174,302	47.7
Commercial & Industrial	87,082	23.8
1-4 Family Residential	43,133	11.8
Multifamily Residential RE	42,340	11.6
Construction	18,402	5.0
Consumer/Other	80	0.02
Total	365,339	100.0

There are no legal, financial, or other factors impeding the ability of the bank to meet credit needs in its communities. C3bank received a “Satisfactory” rating under the small bank CRA procedures at their January 7, 2019 CRA Examination.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation (PE) assesses CRA performance of C3bank, N.A. using Small Bank examination procedures. Examiners performed full-scope reviews of lending performance in the bank’s two assessment areas. Please refer to appendix A for additional information.

The evaluation period for the lending test was January 1, 2018 through December 31, 2020. A substantial majority of loan originations were commercial loans which was consistent with the bank’s business strategy. Examiners selected commercial loans as the primary lending product for the lending tests. The bank was not a reporter under the Home Mortgage Disclosure Act (HMDA), so examiners relied upon a sample of loans rather than total originations during the period to evaluate the bank’s lending performance. During the evaluation period, the bank’s lending activity in response to the significant impact the COVID-19 pandemic had on economies across the United States was also given consideration. C3bank’s origination of commercial loans during 2020 included over 550 CARES Act Paycheck Protection Program (PPP) loans made to existing customers as well as noncustomers in both California and across the United States.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the “Scope” section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank's overall rating is a blend of the state ratings, and where applicable, multistate ratings.

C3bank has two AAs. Examiners placed additional weight on the performance in the San Diego AA, as the bank's customer deposits as well as loan originations were substantially higher than in the Riverside AA.

The MMSA rating and state ratings are based on performance in all bank AAs. Refer to the "Scope" section under each state and MMSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution's lending performance) has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of California

CRA rating for the State of California¹: Satisfactory

The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- The geographic distribution of loans reflects reasonable distribution throughout the bank's AAs.
- Lending to businesses of different sizes is reasonable and responsive to identified community credit needs.

Description of Institution's Operations in California

San Diego County Assessment Area

C3bank, N.A., designated San Diego (SD) County as an AA. The county makes up the entire San Diego-Chula Vista-Carlsbad MSA and consists of 628 census tracts (CTs): 61 low-income; 142 moderate-income; 204 middle-income; and 214 upper-income. In addition, seven CTs do not report data and are listed as unknown. The AA meets the requirements of the regulation and does not arbitrarily exclude LMI geographies.

Competition from other financial institutions is strong. As of June 30, 2020, the FDIC Deposit Market Share report indicates bank's deposits inside the AA totaled \$347.5 million, ranking 25th in deposit market share with 0.3 percent of the AA's deposits. A total of 48 financial institutions, with a combined 560 branches, competed for over \$110.6 billion deposits in SD County. This includes five nationwide mega-banks with a combined 339 branches that account for 56.0 percent of total deposit market share, representing \$61.9 billion in deposits.

The bank's primary lending products in the AA are commercial real estate loans, commercial and industrial loans, and construction/land loans. The bank has two branches located in Encinitas and San Marcos in upper-income CTs. The top industries in the AA include international trade, manufacturing, military, and tourism. The largest employer is the Federal Government, which includes the Department of Defense as there are a number of U.S. naval bases, the Naval Medical Center San Diego, the U.S. Marine Corps, and the U.S. Coast Guard. Other major employers include the State of California, the University of California and UC Health, Sharp Healthcare, and Scripps Health.

San Diego County was hard hit by COVID-19. The San Diego Association of Governments reported that the local unemployment rate skyrocketed from 3.1 percent before COVID-19 to 25.0 percent in May 2020. The gross regional product dropped 4.7 percent, approximately \$10-\$15 billion, and taxable sales dropped 8.3 percent, approximately \$5-\$7 billion. The County spent about \$20 million per month responding to the pandemic. The County slated funds for rental assistance, childcare, home internet

¹ This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within a MMSA.

access for school children, small businesses, restaurant owners, and increased telehealth capabilities. Approximately 200 thousand jobs were lost due to COVID-19. Public assistance and social service programs experienced increased enrollment. There was a heavy demand for small business loans, which were primarily obtained through the CARES Act PPP. Throughout 2020 over \$6 billion in PPP funds were given to small businesses in San Diego County.

To assess community needs, we reviewed information from recent interviews with two community organizations providing services in the SD County AA. The contacts mentioned that in addition to small business loans there is a need for nonprofit, entity-based working and lending capital for affordable housing development. Increased income inequality has negatively impacted affordable housing. Due to the recovering economy, construction and land costs have increased, which has increased homelessness in the area as well as made affordable housing developments costlier to build. There has been increased participation by local financial institutions for local affordable housing developments, however, the organizations primarily rely on Community Development Financial Institutions (CDFIs) for bridge and/or acquisition funding. One of the contacts said that they would like to see more local institutions participating in affordable housing developments.

The information in the following table provides SD County AA demographic information for 2020.

Table A – Demographic Information of the Assessment Area						
Assessment Area: 2018-2020 San Diego AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	628	9.7	22.6	32.5	34.1	1.1
Population by Geography	3,223,096	8.9	23.6	32.5	34.7	0.3
Housing Units by Geography	1,180,806	7.7	21.7	34.2	36.5	0.0
Owner-Occupied Units by Geography	579,079	2.8	15.1	35.5	46.6	0.0
Occupied Rental Units by Geography	515,078	13.1	28.8	32.8	25.2	0.0
Vacant Units by Geography	86,649	7.6	22.8	33.8	35.8	0.0
Businesses by Geography	302,002	5.5	14.9	34.8	44.6	0.2
Farms by Geography	5,749	4.2	17.6	37.8	40.4	0.0
Family Distribution by Income Level	731,328	23.6	16.9	17.8	41.7	0.0
Household Distribution by Income Level	1,094,157	24.8	15.7	17.1	42.4	0.0
Median Family Income MSA - 41740 San Diego-Chula Vista-Carlsbad, CA MSA		\$75,179	Median Housing Value			\$458,248
			Median Gross Rent			\$1,404
			Families Below Poverty Level			10.6%

Source: 2015 ACS and 2020 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

Riverside County Assessment Area

C3bank, N.A., designated Riverside County as an AA, which is only part of the larger Riverside-San Bernardino-Ontario, California MSA. The county consists of 453 CTs: 17 low-income; 131 moderate-income; 166 middle-income; and 137 upper-income. In addition, two CTs do not report data and are listed as unknown. The AA meets the requirements of the regulation and does not arbitrarily exclude LMI geographies.

The bank's primary lending products are commercial real estate loans, commercial and industrial loans, and construction/land loans. The bank has one branch in the AA, located in the city of Riverside in a middle-income census tract. The top industries are health care, social assistance, retail trade, manufacturing, mining, and oil and gas extraction. Riverside County and its surrounding area were especially sensitive to the impact of COVID-19. Examiners reviewed data from the Bureau of Labor Statistics. Prior to government shutdowns the unemployment rate in the area was roughly between 3-4 percent, and post-shutdown the unemployment rate reached a high of 15.2 percent in April of 2020. The unemployment rate declined to 8.7 percent at December 31, 2020.

Competition within the AA is strong. As of June 30, 2020, the FDIC Deposit Market Share report indicates the bank's deposits inside the AA totaled \$63.7 million, ranking 24th in deposit market share with only 0.19 percent of the AA's deposits. A total of 29 financial institutions, with a combined 295 branches, competed for over \$34.1 billion deposits. This includes seven nationwide mega-banks with a combined 226 branches that account for 77.9 percent of total deposit market share, representing \$26.6 billion in deposits.

To assess community needs, we reviewed information from recent interviews with two community organizations providing services in the Riverside County AA. The contacts mentioned a general need for affordable housing and small business loans. Property costs have increased and thereby caused rental rates to increase at a faster pace than inflation. Small businesses are struggling to stay open and keep up with rent, which will eventually lead to evictions. The contacts believed that many banks were currently limiting small business loan types given the continued economic uncertainty, and while helpful, more assistance for sole proprietorships was needed. Additionally, the community representatives believed there was a lack of understanding of market lending needs, there was not a lot of new lending activity other than for commercial properties, and there was a great need for financial education.

The information in the following table provides Riverside County AA demographic information for 2020.

Table A – Demographic Information of the Assessment Area						
Assessment Area: 2018-2020 Riverside AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	453	3.8	28.9	36.6	30.2	0.4
Population by Geography	2,298,032	4.3	25.8	34.5	35.0	0.3
Housing Units by Geography	815,322	3.9	25.5	35.6	35.0	0.0
Owner-Occupied Units by Geography	453,139	2.2	20.1	36.0	41.7	0.0
Occupied Rental Units by Geography	246,093	7.2	35.4	34.5	22.9	0.0
Vacant Units by Geography	116,090	3.4	25.7	36.7	34.2	0.0

Businesses by Geography	146,436	2.9	22.5	34.6	40.0	0.0
Farms by Geography	3,556	3.9	23.4	37.4	35.3	0.0
Family Distribution by Income Level	514,800	21.4	16.8	18.7	43.1	0.0
Household Distribution by Income Level	699,232	23.5	16.0	17.1	43.4	0.0
Median Family Income MSA - 40140 Riverside-San Bernardino-Ontario, CA MSA		\$61,507	Median Housing Value			\$259,001
			Median Gross Rent			\$1,236
			Families Below Poverty Level			13.1%
<p>Source: 2015 ACS and 2020 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.</p>						

Scope of Evaluation in California

The CRA evaluation determines the bank's record of meeting community credit needs. The OCC used a combination of bank and examiner generated loan reports and demographic information to assess the bank's CRA performance. The evaluation period for the lending test was January 1, 2018 through December 31, 2020. Examiners performed full-scope reviews of the bank's two AAs; however, additional weighting was placed on the San Diego AA based on loan origination and customer deposit volumes.

The lending test was based entirely on commercial loan originations, which is the bank's primary loan product. The bank's origination of consumer loans was minimal, and the volume of home mortgage loans was below the data collection and reporting requirements. Therefore, an analysis of those loan types would not have been meaningful.

LENDING TEST

The bank's performance under the Lending Test in California is rated Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank's lending performance in the San Diego and Riverside County AAs is good.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of loans in the State.

Small Loans to Businesses

Refer to Table Q in the state of California section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

Examiners analyzed the bank's geographic distribution using a sample of commercial loans originated in each AA. The loan samples included PPP loans originated during 2020 in response to the credit needs of small businesses. The bank's overall geographic distribution was reasonable in the San Diego AA and excellent in the Riverside AA. With primary weight given to performance in the San Diego AA where the bank has greater customer deposits and loan activity, the bank's overall geographic distribution was concluded as reasonable.

San Diego County Assessment Area

Based on the loan sample, the bank originated or purchased 3.6 percent of commercial loans to businesses in low-income CTs. This was lower than but near-to the aggregate peer percentage of 4.9 and the demographic percentage of 5.5 percent, reflecting a reasonable distribution. The bank originated or purchased 14.3 percent of commercial loans in moderate-income CTs. This was slightly above the aggregate peer percentage of 14.1 percent and near-to demographic percentage of 14.9 percent. This also reflects a reasonable distribution. The bank's overall origination of commercial loans in LMI CTs in the San Diego AA was reasonable.

Riverside County Assessment Area

Based on the loan sample, the bank did not originate or purchase any loans in the sample in low-income CTs, which reflects poor distribution. However, the aggregate percentage of 2.6 percent and the demographic percentage of 2.9 percent indicates commercial lending opportunities may be limited in those areas. In moderate-income CTs, the bank originated or purchased 45.0 percent of commercial loans. This was significantly above both the aggregate percentage of 22.6 percent and the demographic percentage of 22.5 percent. This represents an excellent distribution in moderate-income CTs. With more weight placed on lending performance in moderate-income CTs given the AA demographics, the bank's overall geographic distribution of commercial loans in the Riverside AA is excellent.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to businesses of different sizes, given the product lines offered by the bank.

Small Loans to Businesses

Refer to Table R in the state of California section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The origination of PPP loans to meet COVID-19 credit needs of small businesses did not require collection of Gross Annual Revenues (GAR) data. The sample of loans used for the lending tests in each AA included a significant number of PPP loans. Consequently, the percentages of bank loans compared to AA demographic and aggregate percentages using business revenue was not meaningful. As a result, examiners also analyzed the bank's distribution using loan size as a proxy for revenue of the borrower. Examiners concluded that the overall distribution of small loans to businesses in both AAs is reasonable.

San Diego County Assessment Area

Table R shows that bank originated 39.3 percent of loans to businesses with revenues less than or equal to \$1 million. This is significantly less than the aggregate 49.2 percentage and demographic 89.1 percentage of businesses in the AA. This reflects a poor distribution. However, revenue information was not available for 46.4 percent of the loan sample due to the inclusion of 13 PPP loans which skewed the results. In addition, the high AA demographic percentage and lower aggregate lending indicates that a number of businesses with revenues less than or equal to \$1 million may not seek out lending opportunities.

As an alternative, examiners used loan size as a proxy for revenue of the borrower. The table below shows that approximately 57.1 percent of the number of loans originated were in amounts equal to or less than \$1 million. This represents a reasonable distribution in the SD County AA compared to the aggregate percentage and demographic information. In addition, approximately 46.4 percent of the bank's loans were in amounts equal to or less than \$100 thousand, reflecting responsiveness to the lending needs of small businesses.

Borrower Distribution of Loans to Businesses by Loan Size in San Diego AA				
Loan Size	Number of Loans	Percent of Number	Dollar Volume of Loans (000's)	Percent of Dollar Volume
\$0 - \$100,000	13	46.4	510	1.2
\$100,001 - \$250,000	1	3.6	178	.4
\$250,001 - \$500,000	0	0.0	-	-
\$500,001 - \$1,000,000	2	7.1	1,675	3.9
Total	16	57.1	2,363	5.5
Over \$1,000,000	12	42.9	40,551	94.5

Riverside County Assessment Area

Table R shows that bank originated 35.0 percent of loans to businesses with revenues less than or equal to \$1 million. This is significantly less than the aggregate 50.6 percent and demographic 88.9 percent, which reflects a poor distribution. However, income was not available for 40.0 percent of the sampled loans due to the inclusion of 9 PPP loans which skewed the results. In addition, the low aggregate percentage compared to demographic information indicates that a portion of small businesses may not seek out lending opportunities.

As an alternative, examiners also used a proxy analysis using loan size in the Riverside AA. The table below shows that shows that approximately 75.0 percent of the number of loans originated were in amounts equal to or less than \$1 million. This represents a reasonable distribution when compared to aggregate and demographic information described above. In addition, approximately 40.0 percent of the bank's loans were in amounts equal to or less than \$100 thousand, reflecting responsiveness to the lending needs of small businesses.

Borrower Distribution of Loans to Businesses by Loan Size in Riverside AA				
Loan Size	Number of Loans	Percent of Number	Dollar Volume of Loans (000's)	Percent of Dollar Volume
\$0 - \$100,000	8	40.0	364	1.3
\$100,001 - \$250,000	3	15.0	531	1.9
\$250,001 - \$500,000	4	10.0	620	2.2
\$500,001 - \$1,000,000	2	10.0	1,132	3.9

Total	15	75.0	2,646	9.2
Over \$1,000,000	5	25.0	26,047	90.8

Responses to Complaints

The bank did not receive any CRA related complaints during the evaluation period.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	1/1/2018 to 12/31/2020	
Bank Products Reviewed:	Small business loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
California:		
San Diego County	Full-scope	
Riverside County	Full-scope	

Appendix B: Summary of MMSA and State Ratings

RATINGS	C3bank, National Association
Overall Bank:	Lending Test Rating
C3bank, National Association	Satisfactory
MMSA or State:	
California	Satisfactory

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, 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 (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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 (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

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.

Rating Area: A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

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

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.

Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2018-2020																			
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
2018-2020 San Diego AA	28	42,915	59.9	105,095	5.5	3.6	4.9	14.9	14.3	14.1	34.8	25.0	34.5	44.6	57.1	46.4	0.2	0.0	0.1
2018-2020 Riverside AA	20	28,292	40.1	57,576	2.9	0.0	2.6	22.5	45.0	22.6	34.6	35.0	34.6	40.0	20.0	40.2	0.0	0.0	0.0

*Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%.*

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues 2018-2020											
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues ≤ 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
2018-2020 San Diego AA	28	42,914	59.9	105,095	89.1	39.3	49.2	4.2	14.3	6.7	46.4
2018-2020 Riverside AA	20	28,692	40.1	57,576	88.9	35.0	50.6	3.7	25.0	7.4	40.0

*Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data; 2019 CRA Aggregate Data.
Due to rounding, totals may not equal 100.0%.*