



## **PUBLIC DISCLOSURE**

January 7, 2019

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

C3Bank, National Association  
Charter Number 18242

2365 Marron Road, Carlsbad, CA 92008

Office of the Comptroller of the Currency

1551 North Tustin Avenue, Suite 1050  
Santa Ana, CA 92705

**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

**The Lending Test is rated: Satisfactory.**

The major factors that support this rating include:

- The bank's loan-to-deposit (LTD) ratio is reasonable given the bank's size and performance context;
- A majority of the bank's lending is inside its assessment areas (AAs);
- The bank demonstrated reasonable penetration to small businesses within the two AAs; and
- The bank had reasonable dispersion among low-income and moderate-income census tracts in the assessment areas.

## Definitions and Common Abbreviations

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

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

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

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that 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), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

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

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

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

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

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

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. 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 it and half below it.

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

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a 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.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

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

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

**Upper-Income:** Individual income that is 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.

## Description of Institution

C3bank National Association (C3bank or bank), formerly known as First National Bank of Southern California, is a full-service commercial bank headquartered in Carlsbad, California. The bank re-branded to C3bank in April 2017. The bank was a wholly-owned subsidiary of Duke Financial Group, Inc., a multi-bank holding company based in Minneapolis, Minnesota, until it was sold to private investors on March 6, 2014.

C3bank currently has one branch in a moderate-income census tract in the City of Riverside. This branch also serves as the bank's main office. The bank has two additional branches located in San Diego County, one in each of the following two cities: Carlsbad (middle-income census tract) and San Marcos (upper-income census tract).

C3bank operates as a typical business bank, offering general commercial banking services to entrepreneurs, commercial businesses, and professionals in southern California and other geographic regions in which the bank has market knowledge and experience. The bank's business strategy focuses on commercial lending, and the bank's current loan portfolio is primarily composed of commercial loans.

As of December 31, 2017, C3bank reported total assets of \$275 million, total loans of \$218 million, total deposits of \$234 million, and total equity capital of \$40 million. Total loans represented approximately 79 percent of total assets. The following chart summarizes the loan portfolio by major loan type.

<b>C3bank Outstanding Balances by Major Product Type as of December 31, 2017</b>		
Loan Type	(\$000's)	Percent
Commercial Real Estate (RE)	136,007	62.5%
Commercial-Industrial	14,679	6.7%
1-4 Family Residential RE	14,497	6.7%
Construction	17,138	7.9%
Multifamily Residential RE	26,551	12.2%
Consumer	4	0.0%
Other	8,688	4.0%
Total	217,564	100%

*Source: Uniform Bank Performance Report and Bank loan data*

There are currently no financial or legal factors that impede the bank's ability to help meet the credit needs of the communities it serves. C3bank received a "Satisfactory" rating under the "Small Bank" rating criteria at the prior CRA examination on June 23, 2014. No CRA-related complaints were received during the evaluation period.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This Performance Evaluation (PE) assesses the CRA performance of C3bank using the lending test criteria for small bank examinations. We performed a full-scope review of the bank's Riverside and San Diego County AAs. We evaluated the bank's commercial loan portfolio of commercial loans originated from January 1, 2015, through December 31, 2017. We focused our review on commercial loans because the bank does not offer residential mortgage or consumer loans.

### **Data Integrity**

Prior to this CRA evaluation, we performed a data integrity review to ensure the accuracy of the bank's loan information on small business loans. We did not identify any substantive inaccuracies in the data. Therefore, we concluded that data for small loans to businesses were reliable for this examination.

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

We performed a full-scope review of the bank's two AAs: Riverside County AA and San Diego AA.

### **Ratings**

Most weight was given to the San Diego AA as a majority of the bank's small business loans were originated in that AA during the evaluation period. Approximately 79 percent of the bank's small business loans were originated in the San Diego AA and 21 percent were originated in the Riverside AA in 2015 through 2017. We conducted full-scope reviews in both AAs.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §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 assessment area 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 Consumer Financial Protection Bureau, 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.

## Conclusions with Respect to Performance Tests

### LENDING TEST

The bank's performance under the lending test was satisfactory. Each of the areas considered in the Lending Test is described below.

#### Loan-to-Deposit Ratio

C3bank's LTD ratio is reasonable given the bank's size, financial condition, and local economic conditions, and meets the standard for satisfactory performance. We evaluated the bank's quarterly average LTD ratio for 16 quarters since the prior CRA examination through December 31, 2017. During this period, the bank's LTD ratio averaged 82 percent and ranged from a quarterly low of 35 percent to a quarterly high of 103 percent. The bank's LTD ratio reasonably compares with four other similarly situated banks. The average LTD ratio for these four banks was 84 percent over the same period, and the ratio ranged from a quarterly low of 55 percent to a quarterly high of 109 percent.

#### Lending in Assessment Area

C3Bank granted a majority of the number of loans inside its delineated AAs and meets the standard for satisfactory performance. The bank granted 66 percent of the number of loans and 50 percent of the dollar volume within its delineated AAs during our evaluation period. See Table D for details.

**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	97	66	49	34	146	178,169	50	180,880	50	359,049
<b>Total</b>	<b>97</b>	<b>66</b>	<b>49</b>	<b>34</b>	<b>146</b>	<b>178,169</b>	<b>50</b>	<b>180,880</b>	<b>50</b>	<b>359,049</b>

Source: 2015-2017 Commercial Loan Bank Data

#### Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

Based on the data in Table R, the bank demonstrated reasonable penetration to small businesses in the two AAs. A majority of the bank's loans were originated in the San Diego County AA. In years 2015 and 2016, the bank originated 72 percent of its commercial loans in the San Diego County AA. The proportion of loans was lower than the proportion of small business, and was higher than the aggregate distribution of loans to those businesses. The bank's 2017 performance was similar to years 2015 and 2016.

In years 2015 and 2016, the bank originated 28 percent of its commercial loans in the Riverside County AA. The proportion of loans was lower than the proportion of small business, and was higher than the aggregate distribution of loans to those businesses. The bank's 2017 performance was similar to years 2015 and 2016.

### **Geographic Distribution of Loans**

Based on the data in Table Q, the bank's geographic distribution of small business loans in low-income and moderate-income geographies reflects reasonable dispersion.

The distribution of the bank's small business loans to low-income geographies reflects reasonable dispersion in the Riverside AA. In years 2015 and 2016, the proportion of loans was stronger than the proportion of businesses in low-income geographies and stronger than the aggregate distribution of loans. The proportion of loans was comparable to the proportion of businesses in moderate-income geographies and aggregate distribution of loans. The volume of small business loans for 2017 is limited and presented for informational purposes only.

The bank had reasonable dispersion of small business loans among moderate-income geographies in the San Diego County AA. In years 2015 and 2016, the proportion of loans was comparable to the proportion of businesses in low-income geographies and the aggregate distribution of loans. The bank's 2017 performance in low-income geographies was similar to years 2015 and 2016. During 2015 to 2016 and in 2017, the proportion of loans was comparable to the proportion of businesses in moderate-income geographies and aggregate distribution of loans.

### **Responses to Complaints**

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

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (01/01/2015 to 12/31/2017)	
<b>Financial Institution</b>		<b>Products Reviewed</b>
C3bank, National Association Carlsbad, CA		Small Business Loans
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Riverside County, CA AA San Diego County, CA AA	Full-Scope Full-Scope	

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

Table A – Demographic Information of the Assessment Area						
Assessment Area: Riverside County AA 2015 - 2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	822	5.7	28.2	35.9	29.6	0.6
Population by Geography	4,224,851	5.7	26.4	35.4	32.1	0.3
Housing Units by Geography	1,474,437	5.3	26.6	36.9	31.2	0.0
Owner-Occupied Units by Geography	855,253	2.9	21.6	36.3	39.2	0.0
Occupied Rental Units by Geography	407,778	10.3	36.3	35.7	17.8	0.0
Vacant Units by Geography	211,406	5.2	27.9	42.0	24.9	0.0
Businesses by Geography	210,799	4.5	24.1	34.2	37.2	0.1
Farms by Geography	4,563	3.9	22.7	35.7	37.6	0.0
Family Distribution by Income Level	949,542	21.8	17.5	19.8	40.8	0.0
Household Distribution by Income Level	1,263,031	23.5	16.5	18.2	41.8	0.0
Median Family Income MSA - 40140 Riverside-San Bernardino- Ontario, CA MSA		\$63,176	Median Housing Value			\$317,566
			Median Gross Rent			\$1,116
			Families Below Poverty Level			10.9%
<p><i>Source: 2010 U.S. Census and 2016 D&amp;B Data</i>  <i>Due to rounding, totals may not equal 100.0</i>  <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i></p>						

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Riverside County AA 2017</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	822	5.2	29.9	36.6	27.5	0.7
Population by Geography	4,392,801	5.4	27.6	35.4	31.2	0.4
Housing Units by Geography	1,521,284	5.0	27.4	36.5	31.1	0.1
Owner-Occupied Units by Geography	819,653	2.6	21.0	37.2	39.1	0.1
Occupied Rental Units by Geography	493,904	9.1	37.8	33.8	19.2	0.0
Vacant Units by Geography	207,727	4.5	27.5	40.0	27.5	0.5
Businesses by Geography	222,356	4.6	26.0	34.8	34.4	0.1
Farms by Geography	4,869	3.9	23.8	38.4	33.8	0.1
Family Distribution by Income Level	979,189	23.0	16.8	18.9	41.3	0.0
Household Distribution by Income Level	1,313,557	24.6	15.9	17.4	42.2	0.0
Median Family Income MSA - 40140 Riverside-San Bernardino-Ontario, CA MSA		\$61,507	Median Housing Value			\$246,946
			Median Gross Rent			\$1,192
			Families Below Poverty Level			14.3%
<i>Source: 2015 ACS Census and 2017 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(* The NA category consists of geographies that have not been assigned an income classification.</i>						

C3bank has designated two AAs. One is Riverside County and the other is the San Diego-Carlsbad Metropolitan Statistical Area (MSA), also referred to as the San Diego County AA. The AAs meet regulatory requirements, have whole census tracts, and do not arbitrarily exclude low- or moderate-income geographies. The banking environment is highly competitive in both AAs. As of June 30, 2018, in San Diego County, the bank ranked 25th out of 53 institutions with 0.23 percent deposit market share, and in Riverside County, the bank ranked 36th out of 43 institutions with 0.10 percent deposit market share.

**Riverside County AA**

Riverside County covers 7,208 square miles and is the fourth most populous county in California. It is part of what is commonly known as the Inland Empire region of southern California. The AA consists of 822 CTs. There are 43 low-income CTs, 246 moderate-income CTs, 301 middle-income CTs, 226 upper-income CTs, and six CTs with no income data available. Low- and moderate-income CTs account for 5.2 percent and

29.9 percent, respectively, of the total number of CTs in this AA. Based on the 2015 ACS U.S. Census data, the population of the AA is almost 4.4 million. The AA is the 11<sup>th</sup> most populous county in the United States, and the 4<sup>th</sup> most populous in California. Most of the area's population is located in the northwest portion of Riverside County.

According to the Employment Development Department of California, the unemployment rate in Riverside County is 4.1 percent as of December 2018, which is in line with the unemployment rate of California. The area's largest employers include: University of California Riverside, Riverside Unified School District, City of Riverside, Pacific Bell/AT&T, and Kaiser Permanente.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: San Diego County AA 2015 -2016</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	628	10.0	21.3	36.1	31.5	1.0
Population by Geography	3,095,313	9.8	21.6	35.2	33.1	0.3
Housing Units by Geography	1,154,874	8.4	20.3	36.7	34.5	0.0
Owner-Occupied Units by Geography	593,945	3.3	14.3	38.8	43.6	0.0
Occupied Rental Units by Geography	467,844	15.0	27.6	33.9	23.5	0.0
Vacant Units by Geography	93,085	8.0	22.5	37.6	31.9	0.0
Businesses by Geography	245,710	5.7	15.5	35.2	43.3	0.2
Farms by Geography	4,775	4.0	16.0	38.8	41.3	0.0
Family Distribution by Income Level	703,747	22.4	17.6	18.7	41.3	0.0
Household Distribution by Income Level	1,061,789	23.7	16.6	17.7	41.9	0.0
Median Family Income MSA - 41740 San Diego-Carlsbad, CA MSA		\$73,560	Median Housing Value			\$496,417
			Median Gross Rent			\$1,274
			Families Below Poverty Level			8.6%
<i>Source: 2010 U.S. Census and 2016 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: San Diego County AA 2017</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
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	253,037	5.4	15.1	35.1	44.2	0.2
Farms by Geography	5,009	3.5	17.6	38.6	40.2	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-Carlsbad, CA MSA		\$75,179	Median Housing Value			\$458,248
			Median Gross Rent			\$1,404
			Families Below Poverty Level			10.6%
<i>Source: 2015 ACS Census and 2017 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0</i> <i>(* The NA category consists of geographies that have not been assigned an income classification.</i>						

**San Diego County AA**

The San Diego-Carlsbad CA MSA consists of 628 CTs in one county—San Diego County. There are 61 low-income CTs, 142 moderate-income CTs, 204 middle-income CTs, 214 upper-income CTs, and seven CTs with no income data available. Low- and moderate-income CTs account for 9.7 percent and 22.6 percent, respectively, of the total number of CTs in this AA. The San Diego-Carlsbad CA MSA is the 17<sup>th</sup> most populous MSA in the United States, with a population of 3.2 million based on 2015 ACS U.S. Census data. It is the second largest MSA in California. The area has a large population of military personnel. A number of U.S. naval bases, the Naval Medical Center San Diego, the U.S. Marine Corps, and the U.S. Coast Guard are located in the MSA.

According to the U.S. Bureau of Labor Statistics, the unemployment rate in San Diego County was 3.2 percent as of December 2018. This is below the 4.2 percent unemployment rate for the state of California and 3.9 percent for the nation.

The MSA's main economic drivers include military and defense related activities, biotechnology, tourism, international trade, and manufacturing. The area's largest employers include University of California - San Diego, the City and County of San Diego, U.S. Navy, San Diego Unified School District, Sharp Health Care, and Qualcomm.

Contacts with community organizations that operate in the bank's two AAs confirmed there are many community development needs and opportunities. We had a community contact with a non-profit organization dedicated to building and renovating homes in partnership with communities with the goal of eliminating substandard housing and providing affordable housing. We had one community contact with an organization that networks with lenders, community groups, and public agencies and is dedicated to building quality affordable housing. This organization serves southern California from Ventura County to San Diego County. We reviewed discussion notes from the regulatory agencies' San Diego MSA CRA listening session in July 2017. This event provided an opportunity for banking regulators to hear from a variety of community development organizations about current economic trends, challenges, and needs in the community. These community contacts confirmed the following community development needs and opportunities:

- Providing affordable housing, homeownership, and home repairs to help stabilize communities, especially for low- to moderate-income families, young adults, and senior citizens.
- Small business and micro loans, which have been difficult for smaller banks to compete with larger banks due to limited resources.
- Financial literacy coaching and assistance with credit score repair, focusing on how to qualify for mortgages.
- Financial institutions can participate by participating in corporate build days (help building homes) and donate funds and provide grants to build homes.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas 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 loans are treated as originations/purchases; (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE. Tables are identified by both letters and numbers, which results from how they are generated in supervisory analytical systems. [Note: Do not renumber the tables.]

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

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents aggregate peer data for the years the data is available.
- 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 originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. Because 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 (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. The table also presents aggregate peer data for the years the data is available.

**Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

**Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. The table also presents aggregate peer data for the years the data is available.

**Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** – Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households throughout those geographies.

**Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MA/assessment area.

**Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** **2015-16**

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
Riverside County AA	15	21,974	28.3	111,947	4.5	40.0	3.0	24.1	13.3	20.7	34.1	33.3	32.8	37.3	13.3	43.4	0.1	0.0	0.0
San Diego County AA	38	76,589	71.7	123,509	5.8	5.3	4.4	15.5	13.2	14.1	35.2	13.2	34.4	43.3	68.4	47.1	0.1	0.0	0.1
<b>Total</b>	<b>53</b>	<b>98,563</b>	<b>100.0</b>	<b>235,456</b>	<b>5.2</b>	<b>15.1</b>	<b>3.7</b>	<b>19.5</b>	<b>13.2</b>	<b>17.3</b>	<b>34.7</b>	<b>18.9</b>	<b>33.6</b>	<b>40.5</b>	<b>52.8</b>	<b>45.3</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>

*Source: 2016 D&B Data; 01/01/2015 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0*

**Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** **2017**

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
Riverside County AA	5	3,096	11.4	88,385	4.6	0.0	3.5	26.0	60.0	24.3	34.8	20.0	34.8	34.4	20.0	37.4	0.1	0.0	0.1
San Diego County AA	39	76,510	88.6	90,218	5.4	5.1	4.7	15.1	15.4	14.4	35.1	7.7	34.9	44.2	71.8	45.9	0.2	0.0	0.1
<b>Total</b>	<b>44</b>	<b>79,606</b>	<b>100.0</b>	<b>178,603</b>	<b>5.1</b>	<b>4.5</b>	<b>4.1</b>	<b>20.2</b>	<b>20.5</b>	<b>19.3</b>	<b>35.0</b>	<b>9.1</b>	<b>34.8</b>	<b>39.7</b>	<b>65.9</b>	<b>41.7</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>

Source: 2017 D&B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0

<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>											<b>2015-16</b>	
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	
Riverside County AA	15	21,974	28.3	111,947	85.9	60.0	44.2	5.0	40.0	9.1	0.0	
San Diego County AA	38	76,589	71.7	123,509	87.6	73.7	42.1	5.1	26.3	7.2	0.0	
<b>Total</b>	<b>53</b>	<b>98,563</b>	<b>100.0</b>	<b>235,456</b>	<b>86.9</b>	<b>69.8</b>	<b>43.1</b>	<b>5.1</b>	<b>30.2</b>	<b>8.1</b>	<b>0.0</b>	
<i>Source: 2016 D&amp;B Data; 01/01/2015 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, "--" data not available.            Due to rounding, totals may not equal 100.0</i>												

<b>Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues</b>											<b>2017</b>	
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	
Riverside County AA	5	3,096	11.4	88,385	86.1	60.0	51.5	5.0	20.0	8.9	20.0	
San Diego County AA	39	76,510	88.6	90,218	87.6	69.2	51.3	5.2	7.7	7.2	23.1	
<b>Total</b>	<b>44</b>	<b>79,606</b>	<b>100.0</b>	<b>178,603</b>	<b>86.9</b>	<b>68.2</b>	<b>51.4</b>	<b>5.1</b>	<b>9.1</b>	<b>8.0</b>	<b>22.7</b>	
<i>Source: 2017 D&amp;B Data; 01/01/2017 - 12/31/2017 Bank Data; 2017 CRA Aggregate Data, "--" data not available.            Due to rounding, totals may not equal 100.0</i>												