

PUBLIC DISCLOSURE

April 18, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Mechanics Bank
Certificate Number: 1768

1111 Civic Drive
Walnut Creek, California 94596

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
San Francisco Regional Office

25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION’S COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory			
Low Satisfactory	X		X
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

The Lending Test is rated Low Satisfactory.

- Lending levels reflect a good responsiveness to AA credit needs.
- An adequate percentage of loans are made in the institution’s AAs.
- The geographic distribution of loans reflects good penetration throughout the AAs.
- The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different revenue size.
- Mechanics Bank (MB) exhibits an adequate record of serving the credit needs of the most economically disadvantaged areas of its AAs, low-income individuals, and/or very small businesses, consistent with safe and sound banking practices.
- MB has made an adequate level of community development (CD) loans.
- MB uses innovative and/or flexible lending practices in order to serve AA credit needs.

The Investment Test is rated Outstanding.

- MB has an excellent level of qualified CD investment and grants, often in a leadership position, particularly those not routinely provided by private investors.
- MB exhibits excellent responsiveness to credit and CD needs.
- MB makes significant use of innovative and/or complex investments to support CD initiatives.

The Service Test is rated Low Satisfactory.

- Delivery systems are readily accessible to all portions of the institution's AAs.
- To the extent changes have been made, the MB's opening and closing of branches has adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals.
- Services (including where appropriate, business hours) do not vary in a way that inconveniences certain portions of the AAs, particularly LMI geographies or individuals.
- MB provides an adequate level of CD services.

DESCRIPTION OF INSTITUTION

MB is a state-chartered commercial bank founded in 1905, and headquartered in Walnut Creek, California. The bank is owned and controlled by the Ford Financial Fund and its subsidiaries EB Acquisition Company, LLC, and EB Acquisition Company II, LLC, both of which are holding companies for bank shares. MB does not have any banking-related affiliate or subsidiary relationships relevant to the CRA Evaluation. The institution received an Outstanding rating at its prior FDIC CRA Performance Evaluation (PE) dated April 1, 2019, based on Interagency Large Institution Examination Procedures. Since the previous examination, MB acquired Rabobank N.A. (RNA) on September 1, 2019. MB acquired RNA's retail, business banking, commercial real estate, and wealth management businesses.

The institution operates 115 branches throughout Northern, Southern, and Central California. During the review period, MB closed 28 branches in California, and 1 branch in Medford Oregon, the only branch that was located outside the state of California. No branches were opened during the review period.

MB's primary lending focus is commercial real estate within the bank's designate AAs. Lending within the institutions AAs also include 1-4 family residential mortgages. MB Auto Finance Division engages in indirect automobile lending throughout the West, Midwest, and Eastern United States. Most of the indirect auto finance lending is conducted outside of the bank's designated AAs. MB offers a wide range of lending and deposit services as well as trust and wealth management services, personal banking, business banking, trust and estate services, and brokerage. Loan products include commercial real estate, construction, commercial & industrial, SBA, residential mortgage, and to a much lesser degree agriculture and farm. MB offers the following SBA loan products: 7(a), 504, and Paycheck Protection Program (PPP). MB offers various deposit products for both business and consumer customers, including checking, savings, money market, and certificates of deposit. MB also operates a wealth management division that includes investment and insurance products.

As of March 31, 2022, MB had total assets of \$18.9 billion, total loans of \$11.2 billion, and total deposits of \$16.4 billion. The following table illustrates the loan portfolio distribution by loan type:

Loan Portfolio Distribution as of March 31, 2022		
Loan Category	\$(000s)	%
Construction and Land Development	66,349	0.6
Secured by Farmland	14,620	0.1
Secured by 1-4 Family Residential Properties	2,169,524	19.3
Secured by Multifamily (5 or more) Residential Properties	1,900,404	16.9
Secured by Nonfarm Nonresidential Properties	2,551,798	22.8
Total Real Estate Loans	6,702,695	59.7
Commercial and Industrial Loans	538,163	4.8
Agricultural Loans	3,771	0.1
Consumer Loans	3,916,056	34.9
Other Loans	57,556	0.5
Less: Unearned Income	0	0
Total Loans	11,218,241	100.0
<i>Source: 3/31/2021 Call Report</i>		

Examiners did not identify any financial, legal, or other impediments that would limit the institution's ability to meet the credit needs of its AAs.

DESCRIPTION OF ASSESSMENT AREAS

MB delineated 15 AAs throughout the rated areas of California and Oregon as detailed in the following table.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of CTs	# of Branches
San Francisco	Alameda, Contra Costa, Marin, Merced, Napa, San Francisco, San Benito, Santa Cruz, Sonoma, Santa Clara, San Joaquin, and Stanislaus Counties in California	1,680	36
Los Angeles	Los Angeles, Orange, Ventura, Riverside, and San Bernardino Counties in California	3,925	14
San Luis Obispo	San Luis Obispo County in California	54	13
San Diego	San Diego County in California	628	1
Sacramento	Sacramento, El Dorado, Placer, Sutter, and Yuba Counties in California.	480	3
Santa Barbara	Santa Barbara County in California	90	12
Bakersfield	Kern County in California	151	5
Chico	Butte County in California	51	4
El Centro	Imperial County in California	31	3
Fresno	Fresno, and Kings Counties in California	226	3
Redding	Shasta County in California	48	1
Salinas	Monterey County in California	94	9
Visalia	Tulare County in California	78	3
Non-MSA's	Calaveras, Siskiyou, Tehama, and Tuolumne Counties in California	46	8
Oregon	Jackson County in Oregon	41	1
<i>Source: Bank Data</i>			

In September 2019, MB expanded its California AAs to include the RNA acquisition. The following counties were added to the institutions AAs: Butte, Calaveras, Fresno, Imperial, Kern, Kings, Merced, Monterey, Riverside, San Benito, San Bernardino, San Joaquin, San Jose, San Luis Obispo, Santa Barbara, Santa Cruz, Shasta, Siskiyou, Sonoma, Stanislaus, Sutter, Tehama, Tulare, Tuolumne, and Yuba.

In June 2018, MB acquired Scott Valley Bank and through this acquisition the bank expanded its AA with the addition of Jackson County in Medford, Oregon. This AA is included during this CRA Evaluation review. Subsequently, the bank closed the Medford, Oregon branch in October 2020.

SCOPE OF EVALUATION

General Information

Examiners used the Interagency Large Institution Examination Procedures to evaluate MB's CRA performance. This evaluation covers the period from the prior evaluation, dated April 1, 2019, to the current evaluation dated April 18, 2022.

Of the two rated areas, the state of California received the greatest weight due to it significantly larger volume of loans, deposits, and branches. The performance in Oregon received less weight because of relatively lower volumes of activity.

In California, the San Francisco, Los Angeles, and San Luis Obispo AAs were reviewed using full-scope examination procedures. Within the state of California, the San Francisco AA is given the most weight, as it is where the bank is headquartered and where most of the bank’s activities are generated. The Los Angeles and San Luis Obispo AAs were selected for full-scope review as they have a significant volume of lending, deposits, and branches. Limited scope procedures were used to evaluate the performance in the following AAs: San Diego, Sacramento, Santa Barbara, Bakersfield, Chico, El Centro, Fresno, Redding, Salinas, Visalia, and California Non-MSA counties. In Oregon, the full-scope examination procedures were conducted on the Medford, as it was the only AA. Examiners analyzed the San Francisco, Los Angeles, Fresno, and Sacramento AAs at the MSA level before combining and presenting data at the CSA level. Examiners noted no conspicuous lending gaps.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Rated Area	Loans		Deposits		Branches*	
	\$(000s)	% Bank Total	\$(000s)	% Bank Total	#	% Bank Total
California	6,710,418	99.9	15,977,342	100.00	115	99.1
Oregon	4,193	0.1	7,841	0.0	1	0.9
Total	6,714,611	100.0	15,985,183	100.0	116	100.0
<i>Source: Bank Records, FDIC Summary of Deposits 6/30/2021 for California & 6/30/2020 for Oregon.</i>						
<i>* Includes all licensed deposit-taking branch offices</i>						

Activities Reviewed

Examiners reviewed the bank’s loan trial balance and from that, determined that MB’s major product lines are small business, consumer indirect auto (consumer), and home mortgage loans. Of these, as evidenced by the business strategy, loan portfolio composition, and lending activity during the evaluation period, small business lending constitutes the main focus within MB’s AAs. Accordingly, examiners assigned the most weight to small business lending. Consumer lending is significant on its own by number of loans originated due to the bank’s indirect automobile lending division; less weight, however, was placed on this product since a majority of these loans are outside the bank’s AAs. Home mortgage lending received slightly less weight because of the lower number of loans. While small farm loans are offered by the bank, they are not a major focus of the institution.

Examiners analyzed all small business, consumer, and home mortgage loans originated or purchased from January 1, 2019, through December 31, 2021. During this timeframe, MB originated or purchased 14,521 small business loans totaling \$1.8 billion, 231,700 consumer loans totaling \$5.0 billion, and 3,541 home mortgage loans totaling \$3.1 billion. This evaluation period includes every full calendar year since the prior evaluation. The bank collects and reports data on all originated and purchased small business and home mortgage loans under CRA and HMDA, respectively. The bank collects data on all originated or purchased consumer loans; there is no reporting requirement.

Of the home mortgage loans, 357 loans totaling \$1.2 billion are multifamily loans. Examiners did not analyze these loans as a separate product because of the nominal loan volume. Examiners analyzed and presented all home mortgage loans together.

Examiners did not analyze small farm loans because of the nominal and declining loan volume. It is important to note the decline over the last couple of years contributing to why these loans were not included in the review. The bank originated 313 small farm loans totaling \$63.3 million from 2019 through 2021. Small farm lending is not a major product of the bank. Loan volume trended down over the review period.

The COVID-19 pandemic led to economic fluctuations, government restrictions, and loan programs such as the PPP that affected credit needs, loan volumes, and lending performance in 2020 and 2021. As a result, this evaluation presents small business lending performance for 2019, 2020, and 2021 under the Geographic Distribution and Borrower Profile criteria. Examiners presented MB's 2020 home mortgage, and 2021 consumer lending for the Geographic Distribution and Borrower Profile criteria. Examiners confirmed that the institutions 2020 home mortgage and 2021 consumer lending was representative of the institutions lending during the evaluation period. The institution's 2020 home mortgage lending was presented as 2020 is the most recent year with aggregate data available. Tables presenting MB's Geographic Distribution and Borrower Profile performance are included in the Appendices. This evaluation presents all three years of data under the AA Concentration criterion.

Under the Lending Test, examiners reviewed the number and dollar volume of small business, consumer, and home mortgage loans. While both the number and dollar volume of loans are presented, examiners emphasized performance by number of loans because it is a better indicator of the number of individuals and businesses served. Examiners compared the institution's lending performance to 2019 and 2020 aggregate data, 2015 ACS data, 2019 and 2020 D&B data, and the bank's previous Performance Evaluation performance. In the lending test, small business lending performance is given the most weight, followed by consumer and mortgage lending. Consumer lending is weighted more heavily in the Los Angeles AA, since this is the bank's primary lending activity in this AA, followed by small business, and home mortgage lending.

The evaluation of CD loans, investments, and services includes all qualified activities since the previous evaluation through March 31, 2022. The evaluation of CD activities is limited to those loans, investments, and services for which management could demonstrate the activity met the primary purpose of CD. The evaluation of CD investments also includes prior period investments still outstanding at the time of this evaluation. CD activities were evaluated quantitatively based on the financial capacity of the bank and qualitatively based upon the impact to the AAs. Examiners also compared MB's current CD performance with the MB's previous performance and that of similarly-situated institutions.

Finally, examiners reviewed retail banking products and services targeted to LMI individuals or small businesses or that are tailored to meet the needs of the AAs. Examiners also reviewed retail delivery systems, such as branch offices and alternative delivery systems, including the effect of branch closures.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test performance is "Low Satisfactory." This rating is supported by good lending activity, good geographic distribution, adequate borrower profile, and adequate CD lending performance. MB's bank-wide performance are consistent with the conclusions in California and inconsistent with the conclusions in Oregon. Refer to each AA's Lending Test section for a detailed analysis.

Lending Activity

MB's lending activity reflects good responsiveness to AA credit needs. During the review period, the bank originated or purchased 14,118 small business loans totaling \$1.7 billion, 86,511 consumer loans totaling \$1.9 billion, and 3,373 home mortgage loans totaling \$2.9 billion inside the bank's AAs. Overall, the bank's small business and home mortgage lending volume increased significantly on an annualized basis compared to the previous examination. The growth in small business and home mortgage lending largely reflects the expansion of operations due to the RNA bank acquisition. Additionally, small business lending volume increased in 2020 and 2021 due to PPP lending activity. On an annualized basis, consumer-lending volume is similar to that of the previous evaluation.

MB does not offer business credit cards; many small businesses have a need for this credit product or may use other forms of financing for their business needs. Refer to each AA section for more information.

Assessment Area Concentration

Overall, the percentage of loans MB originated within its AAs during the review period was adequate. This performance is an improvement over the previous evaluation, where the bank made 25.1 percent by number and 39.8 percent by dollar volume in its AAs. The institution's nationwide consumer lending program largely impacted performance negatively.

The AA concentration performance by product and year is generally consistent. Small business loan volume increased significantly in 2020 and 2021, primarily due to PPP lending resulting from the COVID-19 pandemic. While small business lending volume declined in 2021 compared to 2020, it was above the 2019 lending performance. Consumer and HMDA originations and purchases have increased and shows an upward trend in all years since the previous evaluation. The following table details the AA concentration of home mortgage, small business, and consumer loans by year, number, and dollar volume.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				
	Inside		Outside			Inside		Outside		Total
	#	%	#	%	#	\$(000s)	%	\$(000s)	%	\$(000s)
Home Mortgage										
2019	953	95.0	50	5.0	1,003	685,420	95.3	33,459	4.7	718,879
2020	1,017	96.3	39	3.7	1,056	898,391	97.0	28,238	3.0	926,628
2021	1,403	94.7	79	5.3	1,482	1,387,435	93.2	101,280	6.8	1,488,714
Subtotal	3,373	95.3	168	4.7	3,541	2,971,245	94.8	162,976	5.2	3,134,221
Small Business										
2019	1,605	98.5	24	1.5	1,629	276,585	97.9	5,946	2.1	282,532
2020	7,844	96.9	248	3.1	8,092	863,471	95.5	40,828	4.5	904,299
2021	4,669	97.3	131	2.7	4,800	608,606	97.6	14,954	2.4	623,560
Subtotal	14,118	97.2	403	2.8	14,521	1,748,662	96.6	61,728	3.4	1,810,391
Consumer										
2019	20,102	37.7	33,275	62.3	53,377	402,849	38.0	656,490	62.0	1,059,339
2020	29,301	38.6	46,661	61.4	75,962	635,870	39.9	956,341	60.1	1,592,211
2021	37,108	36.3	65,253	63.7	102,361	904,198	37.8	1,489,816	62.2	2,394,014
Subtotal	86,511	37.3	145,189	62.7	231,700	1,942,917	38.5	3,102,647	61.5	5,045,564
Total	104,002	41.6	145,760	58.4	249,762	6,662,824	66.7	3,327,351	33.3	9,990,176

Source: Bank Data. Due to rounding, totals may not equal 100.0%

Geographic Distribution

MB's geographic distribution reflects good penetration throughout the AAs. Examiners noted no conspicuous lending gaps in the geographic distribution of loans. The bank's geographic distribution performance was consistent in California and inconsistent in Oregon where performance was poor. Refer to the individual AA sections for more information.

Borrower Profile

MB's distribution of borrowers reflects, given the demographics of the AAs, adequate penetration among retail customers of different income levels and businesses of different revenue sizes. The bank's performance was consistent in California and inconsistent in Oregon where performance was weaker. Refer to each AA's borrower profile criteria section for a detailed analysis.

Innovative or Flexible Lending Practices

MB uses innovative or flexible lending practices to serve the AAs credit needs. The following table illustrates the bank's innovative and flexible lending programs including number and dollar amount of originations by year during the review period.

Type of Program	2019		2020		2021		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Mortgage								
FHLB WISH	7	152	7	154	21	462	35	768
Fannie Mae Home Ready	4	1,010	1	313	1	211	6	1,534
COVID-19 Hardship Relief Program	0	0	190	105,900	0	0	190	105,900
Small Business								
SBA Loan Programs	2	3,178	0	0	0	0	2	3,178
COVID-19 Hardship Relief Program for Small Business Loans	0	0	302	799,500	0	0	302	799,500
SBA PPP			11,530	1,584,116	3,897	448,731	15,427	2,032,847
Consumer								
COVID-19 Hardship Relief Program	0	0	31,526	492,924	0	0	31,526	492,924
Totals	13	4,340	43,556	2,982,907	3,919	449,404	47,488	3,436,651
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%.</i>								

The following is a description of MB's innovative and flexible lending programs.

- Workforce Initiative Subsidy for Homeownership (WISH) Program – In partnership with the Federal Home Loan Bank of San Francisco, the bank provides down-payment assistance loans to increase affordable housing opportunities for LMI homebuyers.
- Fannie Mae Home Ready Loan Program – The program is targeted to low-income, first time or repeat homebuyers. The program offers flexible three percent down payment options such as gifts and assistance grants. Income requirements are also flexible such as counting boarding income. Borrower income eligibility limits are based upon the area median income of the census tract in which the property is located.
- SBA Programs –The institution offers SBA-guaranteed loans under the 7A, and 504 loan programs. While SBA loans are not considered innovative, they offer small business borrowers alternative financing when conventional financing may not be an option.
- SBA PPP – The program was created in 2020 and structured to help small businesses and other organizations during the COVID-19 pandemic by providing fully forgivable loans that can be used to help preserve jobs and cover other specific business expenses. MB participated in all three rounds and extended relief to its existing customers and non-customers.

- COVID Hardship Relief Programs - The bank approved various loan modification programs allowing up to six-month payment relief for borrowers adversely affected by the COVID-19 pandemic. In most cases, the deferments were payable over 36 months or due at maturity of the loan. These programs benefited both business and consumer customers.
- Lift Loan Program – The bank introduced a small dollar loan products called the Lift Loan in October 2017. The program allows for loan amounts as low as \$500, fixed interest rate at 14.3 percent, a maximum annual percentage rate of 30.0 percent, terms up to 3 years, and no annual loan fees. MB created this product to help LMI individuals gain additional financial independence; however, the bank has not made any loans under this new program. The bank has marketed the product through community development organizations with no success. Management reiterated that it will continue to work on better positioning and marketing for this product.

Innovative and flexible lending practices do not vary by AA. Therefore, these practices are only presented in this section and are not presented separately under each AA.

Community Development Loans

MB made an adequate level of CD loans during the evaluation period. Examiners based this conclusion on the bank’s performance in the state of California. By year, MB’s CD loan activity consisted of 21 CD loans totaling \$74 million in 2019, 86 CD loans totaling \$145.9 million in 2020, and 42 CD loans totaling \$40.7 million in 2021.

This level of activity represented 1.6 percent of average total assets and 2.6 percent of average total loans, which decreased compared to the previous evaluation of 3.3 percent and 4.6 percent respectively. MB’s dollar amount of CD loans was higher than the amount originated during the previous evaluation. The current evaluation’s review period was 37 months compared to the previous evaluation’s review period of 35 months. As a result, examiners analyzed the percentage increase in MB’s dollar volume of CD loans on an annualized basis for consistency purposes. Examiners noted that the institution’s CD lending increased by 39.8 percent on an annualized basis since the previous evaluation. The majority of MB’s CD lending by number of activities targeted revitalization and stabilization efforts followed by community services.

CD lending varied among the rated areas. The bank’s CD lending overall performance is consistent with the California conclusion. The level of CD lending in Oregon is poor. The institution’s performance is below similarly situated institutions. The following table presents the bank's CD loans by purpose and rated area.

Community Development Lending by Rated Area -										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
California	6	18,065	37	8,689	7	39,588	91	179,014	141	245,356
Oregon	0	0	0	0	0	0	0	0	0	0
Lending Subtotal	6	18,065	37	8,689	7	39,588	91	179,014	141	245,356
<i>Statewide Activities</i>	1	5,336	0	0	1	1,250	2	3,180	4	9,766
<i>Regional Activities</i>	0	0	0	0	0	0	3	4,440	3	4,440
<i>Nationwide Activities</i>	0	0	0	0	0	0	1	1,079	1	1,079
Total	7	23,401	37	8,689	8	40,838	97	187,713	149	260,641
<i>Source: Bank Data</i>										

Given that the bank was responsive to the CD needs of its AAs, examiners considered qualified CD loans that benefitted areas located in the broader statewide or regional area that included the AAs, even if the activity did not have a purpose, mandate, or function of benefitting the institution’s AAs. As shown in the preceding table, MB also made one nationwide PPP loan for \$1.1 million to a profit agricultural business located in a remote rural underserved middle-income tract.

INVESTMENT TEST

The Investment Test is rated “Outstanding.” The bank’s performance in California is consistent with this conclusion. MB’s performance in Oregon is poor.

Investment and Grant Activity

MB has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those not routinely provided by private investors. The current evaluation’s review period was 37 months compared to the previous evaluation’s review period of 35 months. As a result, examiners analyzed the percentage increase in MB’s dollar volume of CD investments on an annualized basis for consistency purposes. The current period investments and donations total represents an increase from the previous evaluation of approximately \$124.5 million total qualified investments and grants. The institutions annualized CD investments and grants increased by 363.9 percent bank-wide since the previous evaluation, where the bank also had an excellent level of qualified CD investments.

The institution’s total assets and total securities also increased during the same period. During the current evaluation period, total qualified investments represents 3.5 percent of average total assets, and 13.2 percent of average total investments. The bank’s activity as a percentage of average total assets increased from 2.3 percent noted at the previous evaluation, and decreased from 15.1 percent of average total securities. MB’s investment levels lead peer institutions by average assets, and is among the top institutions by average total investments.

Prior period investments retained across the rated areas totaled \$135.9 million. Of the total new qualified investments and grants, 24 totaling \$217.1 million were made in 2019, 31 totaling \$116.6 million were made in 2020, and 15 totaling \$104.2 million were made in 2021. Additionally, MB made 151 donations totaling \$621,000 in 2019, 267 donations totaling \$1.4 million in 2020, 239 donations totaling \$1.3 million in 2021, and 77 donations totaling \$352 thousand in 2022. Refer to individual AA sections for more information and notable examples. The following table illustrates the qualified investment and grant activity by rated area and CD purpose.

Community Development Investments by Rated Area										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
California	138	537,567	23	8,623	19	23,652	2	4,035	182	573,877
Oregon	0	0	0	0	0	0	0	0	0	0
Investments Subtotal	138	537,567	23	8,623	19	23,652	2	4,035	182	573,877
Qualified Grants and Donations	67	690.7	544	2,106.8	110	761.6	13	185	734	3,744.1
Total	205	538,257.7	567	10,729.8	129	24,413.6	15	4,220	916	577,621.1

Source: Bank Data

Responsiveness to Credit and Community Development Needs

The institution exhibits excellent responsiveness and commitment to credit and CD needs. The majority of MB's new investment activity is comprised of commercial mortgage-backed securities (CMBSs) that create affordable housing throughout the AAs. These investments are highly responsive to the identified CD need for affordable housing in the institution's AAs. Additionally, investment activity is responsive to economic development needs, a second primary CD need identified in the AAs. Refer to each individual rated area and AA for specific details.

Community Development Initiatives

The institution makes significant use of complex investments to support CD initiatives. The following is a description of innovative or complex investment vehicles that MB used during the review period.

- **Low Income Housing Tax Credit (LIHTC)** - LIHTCs provide tax incentives to encourage individual and corporate investors to invest in the development, acquisition, and rehabilitation of affordable rental housing. To qualify for the credit, a project must meet strict requirements to qualify as a low-income project. Developers are required to set aside at least 40 percent of the units for renters earning no more than 60 percent of the area's median family income, or 20 percent of the units for renters earning 50 percent or less of the area's median family income. These units are subject to rent restrictions in which the maximum permissible gross rent must be less than 30 percent of the area's median income. State selection procedures for tax credit allocations often encourage developers to provide more than the minimum number of affordable units. Because these credits are only available for affordable rental units, many applications designate 100 percent of the units in properties as affordable. Developers also reserve some of the units for renters earning well below 50 percent of the area's median income. During the evaluation period, MB participated in one new LIHTC project totaling \$1.0 million. MB also continued to hold 25 prior period LIHTC investments totaling approximately \$24.1 million. Affordable housing is a critical need identified throughout the bank's AAs.
- **Richmond Housing Renovation Program** - MB continues to hold \$3.0 million in social impact bonds. After playing a leadership role, the bank purchased the entire series of bonds available, which were offered by the City of Richmond and facilitated by the Richmond Community Foundation. The funds are used to purchase and renovate blighted and abandoned homes to stabilize LMI neighborhoods and provide affordable housing. Other benefits from this investment include lower crime, reduced city service costs to maintain vacant properties, and increased property tax revenues and property values. Programs that are supported by these bond includes: financial education training, first-time home buyer preparation, financial assistance, partnerships with local contractors, development of job skills in construction, and rehabilitation of economically depressed neighborhoods. During the current examination cycle the bonds have benefitted 17 properties, all but one benefitted local first-time homebuyers. The bonds have also accumulated \$7.8 million on financial impact for the City of Richmond including local spending, fees, and taxes. This is a long-term, complex program with several partnerships and processes to administer that is directly responsive to revitalization, stabilization, and affordable housing CD needs of a city located in the San Francisco AA.
- **EQ-2** - For Community Development Financial Institutions (CDFIs) to grow and prosper, they require financial products that are different and innovative. The EQ2 helps to meet that need, as forms of investments are typically a grant or a below-market senior loan. An EQ2 CDFI investment offers a strong community benefit by providing strengthened capital structures, favorable cost of capital, and a more responsive financing product. These benefits result in increased lending and investing in economically disadvantaged communities. MB has provided EQ2s to CDFIs that support affordable housing and small business development, and critical community needs that face significant challenges in accessing capital. MB retained 19 EQ-2 investments totaling \$22.1 million during the review period.

- New Market Tax Credits (NMTC) - NMTCs incentivize CD and economic growth through the use of tax credits that attract private investment to distressed communities. MB retained one \$1.0 million investment in a NMTC targeting economic development in San Francisco.
- Commercial Mortgage Backed Securities (CMBS) - During the review period, the bank began investing in securities backed by multifamily affordable housing projects. The securities are bought using the market experience of the bank's investment team, and are targeted to LMI renters in the bank's AAs and throughout the state of California. During the review period, the bank invested in 61 new CMBS projects totaling \$400.3 million.

SERVICE TEST

The Service Test is rated "Low-Satisfactory." The bank's performance in California is consistent with this rating. MB's performance in Oregon is weaker. Refer to each AA's Service Test conclusions for a detailed analysis.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the institution's AAs. MB operates 115 licensed deposit-taking branch offices throughout the AAs: 9 in low-, 41 in moderate-, 31 in middle-, and 34 in upper-income CTs. The bank operates 112 ATM locations throughout the AAs: 9 in low-, 41 in moderate-, 30 in middle-, and 32 in upper-income CTs.

The bank offers a variety of alternative delivery systems that are available to all customers. Online banking allows customers secure access to a wide variety of services 24/7. Services include, but are not limited to, access to checking account balances, account history, online statements, email address changes, bill payment, intra bank transfers, and stop payments. Those customers who are signed up for online banking also have access to Popmoney, a person-to-person payment service, and mobile banking. Mobile banking allows users to view account balances, pay bills, deposit checks, and transfer funds. During the evaluation period, MB opened 66,849 accounts with access to online and mobile banking. Examiners were able to geocode and identify 57,126 customers located within the bank's AAs. Of those customers identified within the bank's AAs, 18,193, or 31.8 percent are located in LMI geographies. Moreover, 9,914, or 54.4 percent of customers located in LMI geographies that use online and mobile services are currently active. The internet and mobile banking services that MB offers benefit LMI geographies.

MB also offers text banking, which allows customers to obtain account information such as transaction history, and balance updates. This feature also allows customers to set up low-funds alerts, transfer money between accounts and set up large withdrawal alerts to help protect a customer's bank account.

The bank operates a live contact center Monday – Friday 7 a.m. to 7 p.m., Saturday 9 a.m. to 5 p.m. Pacific Standard Time.

MB offers the same alternative delivery systems throughout the AAs. Therefore, alternative delivery systems are only discussed in this section and are not discussed separately under each AA.

Changes in Branch Locations

To the extent changes have been made, MB's record of opening and closing of branches has adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. During the evaluation period, the bank closed 29 branches and did not open any. Twenty-eight branches closed in California, and one branch closed in Oregon. Refer to each respective rated area for additional details.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the AAs, particularly LMI geographies and/or individuals. Full-service branches offer an array of business and consumer deposit and lending products; refer to the Description of Institution section for details. Business hours vary slightly by branch, with some locations offering Saturday hours and/or extended Friday hours. Refer to each rated area for details.

During the review period, MB offered several products that addressed and enhanced the banking and credit needs of the institution's communities, including LMI individuals and small businesses. Specific products include:

- **BankOn checking:** MB offers the BankOn checking product, which was developed by the Cities for Financial Empowerment Fund with the goal to ensure everyone has access to a safe and affordable account. The BankOn National Account Standards core account features include low costs; no overdraft fees; and robust transaction capabilities such as a debit or prepaid card, and online bill pay. All BankOn checking accounts are targeted to unbanked, underbanked and LMI individuals and families. MB opened two BankOn Checking accounts during the review period.
- **Individual Development Accounts (IDA):** The bank offers IDA accounts for LMI homebuyer savings, and Young Adult Savings. These accounts do not access a monthly fee and accrue interest on behalf of the account holders. MB opened eight IDA accounts, which are targeted to LMI individual and families during the review period.
- **Money Pass:** MB is part of the Money Pass network, which allows customers to access cash and avoid ATM fees. There are over 37,000 surcharge-free ATMs located throughout the country, which are locatable through the mobile app. Access to these ATMs allow customers to avoid ATM fees or surcharges.
- **EverFi:** The bank offers EverFi, a financial education program that delivers online learning. The program is offered through the bank's website and helps adults manage money, make decisions that strengthen their financial futures, and gain confidence in financial knowledge. Available courses include Savings Accounts, Checking Accounts, Credit Cards, Credit Scores & Reports, Payday Loans, Prepaid Cards, Building Emergency Savings, and Overdrafts.
- **EverFi School Financial Literacy:** MB also offers the EverFi financial education program targeted to students. These school-led courses give students the tools they need to successfully manage their financial future. In 2021, eight schools enrolled in the Financial Literacy school program, with a commitment from eight more to participate.

Furthermore, MB authorized the waiver of certain fees for its consumer and business customers in response to the pandemic. MB automatically applied the waivers and did not require any action from the customers.

COVID-19 Fee Waivers		
Type of Fee	#	\$(000)
ATM Surcharge Fee	25,221	972.7
Overdraft Fee	16,206	1,639
Cash Withdrawal Limit Increase (approx.)	36,896	91,832
CD Early Withdrawal Penalty	878	-
SpeedPay Fee	62,147	621,470

Source: Bank Data as of 12/31/2021

Community Development Services

MB provides an adequate level of CD services in its AAs; see the following table. Of the total 3,811.5 hours, 1,266.5 hours of service were provided in 2019; 1,598 hours of service were provided in 2020; 833 hours of service were provided in 2021; and 114 hours of service were provided in 2022.

The institution's volume of CD service hours increased by 16.1 percent since the previous evaluation where, at 3,284 service hours, MB was a leader in providing CD services. The current evaluation's review period was 37 months compared to the previous evaluation's review period of 35 months. As a result, examiners analyzed the percentage increase in CD service hours on an annualized basis for consistency purposes. Examiners noted that the institution's CD service hours increased by 10.2 percent on an annualized basis since the previous evaluation. While overall hours increased, the bank's performance at 2.2 hours per full-time employee represents a decrease in performance compared to the prior evaluation's 3.6 hours per full-time employee. Moreover, the bank's performance compared to similarly situated institutions was lower. The majority of service hours consisted of community service activities targeted to LMI individuals and families. The bank also provided 578.5 hours to affordable housing and 195 hours to economic development, which were both identified as principal CD needs throughout the AAs.

Community Development Services by Rated Area					
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
California	578.5	2,862	195	176	3,811.5
Oregon	0	0	0	0	0
Total	578.5	2,862	195	176	3,811.5

Source: Bank Records

Refer to full-scope AA sections for further detail and examples of CD services provided.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed compliance with the laws relating to discrimination and other illegal credit practices including the Fair Housing Act. Examiners did not identify any discriminatory or other illegal credit practices.

CALIFORNIA

CRA RATING FOR CALIFORNIA: SATISFACTORY

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: Outstanding

The Service Test is rated: Low Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CALIFORNIA

As of this evaluation, MB delineated 14 AAs in the state of California; see the following table.

Description of Assessment Areas		
Assessment Area	Counties in Assessment Area	# of CTs
San Francisco	Alameda, Contra Costa, San Francisco, Santa Clara, Merced, Napa, Marin, Santa Cruz, San Benito, San Joaquin, Sonoma, Stanislaus	1,680
Los Angeles	Los Angeles, Orange, Ventura, Riverside, San Bernardino	3,925
San Luis Obispo	San Luis Obispo	54
San Diego	San Diego	628
Sacramento	El Dorado, Placer, Sacramento, Sutter, Yuba	480
Santa Barbara	Santa Barbara	90
Bakersfield	Kern	151
Chico	Butte	51
El Centro	Imperial	31
Fresno	Fresno, Kings	226
Redding	Shasta	48
Salinas	Monterey	94
Visalia	Tulare	78
Non-MSAs	Calaveras, Siskiyou, Tehama, Tuolumne	46

Source: Bank Records

Refer to the Description of Assessment Areas section for details on changes within the California AA during the review period. Refer to the individual AAs for key demographic and economic information specific to each AA.

SCOPE OF EVALUATION – CALIFORNIA

Examiners evaluated the San Francisco, Los Angeles, and San Luis Obispo AAs using full-scope examination procedures based on the greatest volume of lending activity, deposit volume, and branch distribution. See the following table for details. The San Francisco AA carried the most weight in determining overall conclusions due to the greater volume of deposits and branches, followed by the Los Angeles AA, and lastly the San Luis Obispo AA. The remaining California AAs were evaluated using limited-scope examination procedures and received the least weight in determining overall conclusions. Small business, consumer, and home mortgage loans were analyzed for the AAs, with greatest consideration given to small business loans.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches*	
	\$(000s)	% Bank Total	\$(000s)	% Bank Total	#	% Bank Total
San Francisco	1,949,081	29.0	5,357,278	33.5	36	31.3
Los Angeles	2,352,621	35.1	2,932,381	18.4	14	12.2
San Luis Obispo	357,403	5.3	1,712,295	10.7	13	11.3
San Diego	479,057	7.1	2,729	0.0	1	0.9
Sacramento	296,950	4.4	661,552	4.1	3	2.6
Santa Barbara	244,759	3.6	1,246,275	7.8	12	10.4
Bakersfield	199,719	3.0	442,784	2.8	5	4.3
31.Chico	107,354	1.6	456,008	2.9	4	3.5
El Centro	99,071	1.5	571,941	3.6	3	2.6
Fresno	139,524	2.1	340,296	2.1	3	2.6
Redding	16,220	0.2	34,399	0.2	1	0.9
Salinas	287,670	4.3	1,458,923	9.1	9	7.8
Visalia	109,299	1.6	266,164	1.7	3	2.6
Non-MSA	71,690	1.1	494,317	3.1	8	6.9
California	6,710,418	100.0	15,977,342	100.0	115	100.0

Source: Bank Records, FDIC Summary of Deposits (6/30/2021)
* Includes all licensed deposit-taking branch offices

CONCLUSIONS ON PERFORMANCE CRITERIA IN CALIFORNIA

LENDING TEST

MB's California Lending Test rating is "Low Satisfactory." The bank's performance is consistent with this conclusion for the following AA's: San Francisco, Los Angeles, San Luis Obispo, San Diego, Santa Barbara, Sacramento, Bakersfield, Chico, El Centro, Fresno, Visalia, and Non-MSA AA's. Performance was weaker in the Redding AA and stronger in the Salinas AA. Refer to each AA section for specific details.

Lending Activity

MB's lending levels reflect good responsiveness to AA credit needs in California. Refer to each California AA analysis for details.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout California AAs. The bank's performance in the San Francisco, Los Angeles, Chico, El Centro, and Visalia AAs are consistent with this conclusion. Performance was stronger in the Salinas AA and weaker in the San Luis Obispo, San Diego, Santa Barbara, Sacramento, Bakersfield, Fresno, Redding, and Non-MSA AAs.

Borrower Profile

The distribution of borrowers in California reflects adequate penetration. The bank's performance is consistent with this conclusion for most of the California AAs, with the exception of weaker performance in the Bakersfield, Chico, Fresno, and Redding AAs and stronger performance in the Salinas AA.

Community Development Loans

MB has made an adequate level of CD loans in California; refer to the following table. The institution's dollar volume of CD lending increased by 31.6 percent on an annualized basis since the previous evaluation, where MB made a relatively high level of CD loans. While performance in California increased since the previous examination, CD loans did not keep pace with the growth of total assets and total loans. Overall, MB's CD lending performance within California was comparable to, or below peer institutions. CD lending primarily benefitted the San Francisco AA. The majority of MB's CD lending supported revitalization or stabilization within the state. Performance is consistent in the San Francisco, Santa Barbara, Sacramento, Chico, and Non-MSA AAs. Performance was stronger in San Diego, Bakersfield, Fresno, and Salinas; and weaker in Los Angeles, San Luis Obispo, El Centro, Redding, and Visalia.

Community Development Lending by Assessment Area - California										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
San Francisco	2	738	16	3,042	2	8,380	39	91,032	59	103,192
Los Angeles	0	0	3	2,000	0	0	12	22,738	15	24,738
San Luis Obispo	2	370	3	1,459	0	0	0	0	5	1,829
San Diego	0	0	0	0	1	21,990	0	0	1	21,990
Sacramento	0	0	0	0	0	0	4	6,303	4	6,303
Santa Barbara	0	0	3	600	0	0	7	8,761	10	9,361
Bakersfield	0	0	3	600	1	2,500	7	10,916	11	14,016
Chico	1	5,057	0	0	1	1,218	3	1,485	5	7,760
El Centro	0	0	3	200	0	0	1	1,827	4	2,027
Fresno	1	11,900	1	158	0	0	1	4,268	3	16,326
Redding	0	0	0	0	0	0	0	0	0	0
Salinas	0	0	5	630	2	5,500	13	26,512	20	32,642
Visalia	0	0	0	0	0	0	1	1,258	1	1,258
Non-MSAs	0	0	0	0	0	0	3	3,914	3	3,914
Lending Subtotal	6	18,065	37	8,689	7	39,588	91	179,014	141	245,356
<i>Statewide Activities</i>	<i>1</i>	<i>5,336</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>1,250</i>	<i>2</i>	<i>3,180</i>	<i>4</i>	<i>9,766</i>
<i>Regional Activities</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>3</i>	<i>4,440</i>	<i>3</i>	<i>4,440</i>
Total	7	23,401	37	8,689	8	40,838	96	186,634	148	259,562
<i>Source: Bank Data</i>										

The following is a notable example of statewide CD lending activity:

- MB originated 4 PPP loans in the state of California outside of its AAs benefitting revitalization and stabilization in LMI CTs totaling \$6.2 million.

INVESTMENT TEST

MB is rated “Outstanding” in the Investment Test in the state of California. More weight is placed on the San Francisco and Los Angeles AAs in arriving at this conclusion. The bank’s performance was consistent in the San Francisco, Los Angeles, and Sacramento AAs, but inconsistent in the San Luis Obispo, San Diego, Redding, Salinas, Santa Barbara, Bakersfield, Chico, El Centro, Fresno, Visalia and Non-MSA AAs. Refer to each AA section for specific details.

Investment and Grant Activity

The institution has an excellent level of qualified CD investment and grants throughout the state of California, often in a leadership position, particularly those not routinely provided by private investors. MB reported \$437.9 million in new qualified investments, \$135.9 million in prior period investments, and \$3.7 million in grants during the evaluation period. MB’s California investment and grant activity increased from the previous evaluation total of \$124.5 million. The institution’s new and prior period investment activity penetrated each California AA except Visalia; refer to the following table.

Community Development Investments by Assessment Area - California										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
San Francisco	19	78,002	5	2,526	5	876	2	4,035	31	85,439
Los Angeles	40	131,283	2	1,812	1	104	0	0	43	133,199
San Luis Obispo	7	11,855	0	0	0	0	0	0	7	11,855
San Diego	7	41,260	8	2,278	0	0	0	0	15	43,538
Sacramento	14	129,029	0	0	0	0	0	0	14	129,029
Santa Barbara	2	2,199	0	0	0	0	0	0	2	2,199
Bakersfield	1	1,713	0	0	0	0	0	0	1	1,713
Chico	1	171	0	0	0	0	0	0	1	171
El Centro	2	1,224	0	0	1	1,000	0	0	3	2,224
Fresno	7	26,410	0	0	0	0	0	0	7	26,410
Redding	1	2,110	5	1,577	0	0	0	0	6	3,687
Salinas	1	3,567	0	0	0	0	0	0	1	3,567
Visalia	0	0	0	0	0	0	0	0	0	0
Non-MSAs	3	7,654	2	213	0	0	0	0	5	7,867
Statewide Investments	33	101,090	1	217	12	21,672	0	0	46	122,979
Investments Subtotal	138	537,567	23	8,623	19	23,652	2	4,035	182	573,877
Qualified Grants and Donations	67	691	542	2,103	106	582	13	185	728	3,561
Statewide Grants	0	0	1	1	4	180	0	0	5	181
Grants Subtotal	67	691	543	2,104	110	762	13	185	733	3,742
Total	205	538,258	566	10,727	129	24,414	15	4,220	915	577,619

Source: Bank Data

Below are notable examples of CD qualified investment examples directly affecting the California statewide arena.

- MB invested \$26.8 million in 2 multi-family housing projects in California outside of the bank’s AA that

primarily provided housing to LMI individuals and families.

- MB invested \$1.0 million in a CDFI that primarily supports economic development in and outside the bank's AAs.

Responsiveness to Credit and Community Development Needs

The institution exhibits excellent responsiveness and commitment to credit and CD needs throughout the review period by supporting affordable housing needs, which was the primary CD need for the California AAs. The bank's qualified investments in affordable housing in California increased from \$97.4 million at the previous evaluation to \$538.2 million at the current evaluation. During the review period, MB also demonstrated responsiveness to the economic development needs of California by investing \$24.4 million in economic development investments. This represented an increase from the \$6.7 million in qualified economic development investments at the prior evaluation.

Community Development Initiatives

The institution makes significant use of innovative and complex investments to support CD initiatives. All investments were made in the state of California.

SERVICE TEST

MB is rated "Low-Satisfactory" in the Service Test for California. The institution's performance is consistent in all of the California AAs, with the exception of performance in El Centro which was stronger; and performance in Los Angeles and San Luis Obispo was weaker. Refer to each AA section for specific details.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the California AAs. The branch distribution and alternative delivery systems are consistent with the institution overall. MB operates 115 full-service branches in California: 9 in low-, 41 in moderate-, 31 in middle-, and 34 in upper- income CTs.

Changes in Branch Locations

To the extent changes have been made, MB's opening and closing of branches has adversely affected the accessibility of its delivery systems in California, particularly in LMI geographies or to LMI individuals. MB closed 28 branches in CA during the review period; 10 in San Francisco, 7 in Los Angeles, 1 in San Luis Obispo, 2 in Sacramento, 2 in Santa Barbara, 1 in Chico, 2 in El Centro, 1 in Visalia, and 2 in the Non-MSA.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the AAs, particularly LMI geographies and individuals. Branch locations have generally similar hours that vary slightly. Refer to each AA analysis for detail. MB products and services offered in California are consistent with the institution overall.

Community Development Services

MB provides an adequate level of CD services in the state of California. While annualized service hours increased by 10.0 percent since the prior evaluation, the bank's performance decreased to 2.2 service hours per full-time employee compared to the previous examination's performance of 3.6. Compared to similarly situated institutions in California, the bank's performance was lower. The majority of service hours supported community services targeted

to LMI individuals and families. Examiners also noted that the bank provided services to support affordable housing and economic development; both were identified as CD needs throughout the California AAs. The majority of service hours primarily occurred in San Francisco. The following table details the institution’s CD services by California AA and CD purpose.

Community Development Services by Assessment Area - California					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
San Francisco	557.5	1,822	152	142	2,673.5
Los Angeles	0	313	25	8	346
San Luis Obispo	0	20	0	0	20
San Diego	0	12	0	0	12
Sacramento	21	163	0	0	184
Santa Barbara	0	146	1	1	148
Bakersfield	0	4	0	0	4
Chico	0	8	0	0	8
El Centro	0	190	4	0	194
Fresno	0	4	9	0	13
Redding	0	19	0	0	19
Salinas	0	0	0	0	0
Visalia	0	16	0	0	16
Non-MSAs	0	139	0	25	164
Statewide	0	6	4	0	10
Total	578.5	2,862	195	176	3,811.5
<i>Source: Bank Records</i>					

Below is a notable example of CD services at the statewide level.

- One MB employee sat on the loan committee of an organization that provides small business development in San Mateo County, just outside the bank’s AA.

Refer to the San Francisco, Los Angeles and San Luis Obispo AAs for notable examples of CD services.

SAN FRANCISCO ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE SAN FRANCISCO ASSESSMENT AREA

The San Francisco AA is located in Northern California and is comprised of Alameda, Contra Costa, Marin, Merced, Napa, San Francisco, San Benito, Santa Cruz, Sonoma, Santa Clara, San Joaquin, and Stanislaus Counties. Refer to the institution-wide Description of Assessment Areas section for description of changes made to this AA during the evaluation period.

Economic and Demographic Data

According to the 2015 ACS data, the San Francisco AA contains a total of 1,680 CTs, which is comprised of the following: 166 low-, 391 moderate-, 583 middle-, 521 upper -income CTs, and 19 CTs with no income designation. The following table shows select demographic, housing, and business data for the AA.

Demographic Information of the Assessment Area						
Assessment Area: San Francisco AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,680	9.9	23.3	34.7	31.0	1.1
Population by Geography	8,110,326	9.1	23.1	36.1	31.4	0.3
Housing Units by Geography	3,022,160	8.9	21.9	36.1	32.7	0.4
Owner-Occupied Units by Geography	1,556,414	3.9	17.8	37.4	40.8	0.1
Occupied Rental Units by Geography	1,280,796	14.5	26.8	34.7	23.3	0.6
Vacant Units by Geography	184,950	11.7	23.1	35.9	28.7	0.6
Businesses by Geography	784,547	8.9	19.5	32.8	38.3	0.5
Farms by Geography	18,328	4.3	17.9	40.0	37.7	0.1
Family Distribution by Income Level	1,889,428	24.1	16.3	18.3	41.3	0.0
Household Distribution by Income Level	2,837,210	26.0	15.1	16.7	42.2	0.0
Median Family Income MSA - 32900 Merced, CA MSA		\$46,793	Median Housing Value			\$558,057
Median Family Income MSA - 33700 Modesto, CA MSA		\$55,611	Median Gross Rent			\$1,453
Median Family Income MSA - 34900 Napa, CA MSA		\$80,921	Families Below Poverty Level			9.1%
Median Family Income MSA - 36084 Oakland-Berkeley-Livermore, CA		\$93,822				
Median Family Income MSA - 41884 San Francisco-San Mateo-Redwood City, CA		\$103,742				
Median Family Income MSA - 41940 San Jose-Sunnyvale-Santa Clara, CA MSA		\$107,126				
Median Family Income MSA - 42034 San Rafael, CA		\$121,130				
Median Family Income MSA - 42100 Santa Cruz-Watsonville, CA MSA		\$81,912				
Median Family Income MSA - 42220 Santa Rosa-Petaluma, CA MSA		\$77,587				
Median Family Income MSA - 44700 Stockton, CA MSA		\$59,946				

Source: 2015 ACS and 2021 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.

The Bureau of Labor Statistics (BLS) provides data on changes in unemployment rates. Unemployment rates in California and the United States significantly increased from 2019 to 2020, with the state unemployment rate consistently higher than the national average year over year. In 2020, the AA, state, and nation experienced significant increases in unemployment rates due to the onset of the COVID-19 pandemic.

The following table illustrates the unemployment rates for the AA by MSAs, California, and nationwide for 2019, 2020, and 2021.

Unemployment Rates			
Area	2019	2020	2021
	%	%	%
SF-Oakland-Berkeley MSA			
Oakland-Berkeley-Livermore MD	3.0	8.9	6.2
San Francisco-San Mateo-Redwood City MD	2.2	7.5	4.9
San Rafael MD	2.4	6.8	3.8
Napa MSA	2.9	8.8	6.0
San Jose-Sunnyvale-Santa Clara MSA	5.3	7.2	14.0
Santa Cruz-Watsonville MSA	5.0	9.5	6.9
Santa Rosa-Petaluma MSA	2.7	8.0	5.5
Stockton MSA	6.0	11.3	8.6
Merced MSA	8.2	12.2	10.1
Modesto MSA	6.2	10.7	8.2
State of CA	4.1	10.3	7.4
National Average	3.7	8.1	5.4

Source: Bureau of Labor Statistics/Moody's Analytics

Examiners obtained the following economic information from Moody's Analytics.

San Francisco-Oakland-Berkeley MSA

Oakland-Berkeley-Livermore MD

According to Moody's Analytics report as of February 2022, the recovery in the MD was better in the second half of 2021. The share of jobs recouped is well below the U.S. average and is among the lowest in California. Healthcare and professional/business services have led recent gains. Oakland is losing residents faster than it did before the pandemic; however, the migration is slowing to a steady decline. The area's top five employers are University of California, Western Digital, Chevron Corporation, Grifols, followed by Lawrence Livermore National Laboratory.

San Francisco-San Mateo-Redwood City MD

According to Moody's Analytics report as of February 2022, recent performance shows that the recovery in the MD is underwhelming. The share of jobs recouped is weaker when compared with the U.S. average and most other large urban economies. More than half of the private sector is adding jobs; however, not fast enough to close the gap when compared to the U.S., although the tech industry continues to outperform. The area's top five employers are University of California, San Francisco, Salesforce.com Inc., Wells Fargo Bank, Kaiser Permanente, followed by United Airlines.

San Rafael MD

According to Moody's Analytics report as of July 2021, San Rafael's economy has slowed when compared to California. Education/healthcare has fully recovered despite a subsequent wave of Covid-19. Single-family residential construction continues to be above moderate levels as it has been in recent years; however, increased costs, labor shortages, and lack of buildable lots are anchors for the industry. The area's top five employers are Kaiser Permanente, Marin General, BioMarin Pharmaceutical, Fireman's Fund Insurance, followed by Bay Equity.

Napa MSA

According to Moody's Analytics report as of March 2022, Napa's labor market is growing steadily; however, not at a pace to overcome the decline from the start of the pandemic. Leisure/hospitality has recently picked up the pace; however, the overall recovery from the pandemic is not as strong as in California and the West. Construction and manufacturing have recouped all pandemic-related job losses; however, it has not proven enough to make up for overall underperformance among service providers. The appreciation levels of single-family homes are slowing at a faster pace than in the U.S. and California, and so is the trend in home building. The area's top five employers are the Napa State Hospital, Veteran's Home, St. Helena Hospital, Napa Valley College, followed by the Silverado Resort and Spa.

San Jose-Sunnyvale-Santa Clara MSA

According to Moody's Analytics report as of March 2022, the San Jose-Sunnyvale-Santa Clara area is recovering steadily. While the share of jobs recovered in the area trails California and the U.S., growth has picked up the pace. Leisure/hospitality lead job gains and professional/business services lend support. Google mobility data indicates that activity in retail/recreation establishments remain below the pre-pandemic baseline when compared nationally. The area is still losing residents faster than it did before the pandemic; however, the outgoing migration is no longer accelerating, according to Equifax data. Housing prices continue to increase. Home sales have slowed due to inventory levels and affordability. The area's top five employers are Cisco Systems Inc., Alphabet Inc., eBay Inc., Lockheed Martin Corporation, and Intel Corporation.

Santa Cruz-Watsonville MSA

According to Moody's Analytics report as of March 2022, the area's economy is moving in the right direction. Annual benchmark revisions depict an optimistic picture of the labor market recovery; however, the area still trails California. The public sector is gaining momentum with a string of strong monthly job gains, but has more room to recover. The housing market is a bright spot. Housing price appreciation is strong, and permit issuance is about level with its 2019 pace. The area's top five employers are Dominican Hospital, University of California, Santa Cruz, Source Naturals, Sesnon House, and Monterey Mushroom Inc.

Santa Rosa-Petaluma MSA

According to Moody's Analytics report as of March 2022, Santa Rosa's economy is progressing steadily. Annual benchmark revisions depict an optimistic picture of the labor market recovery; however, the area's recovery trails the state average. The revisions show leisure/hospitality has recouped a larger share of pandemic job losses than previously thought. The unemployment rate has been moving closer to its pre-COVID-19 level; however, this is largely due to the labor force weakness. The housing market is in good shape. Housing price appreciation is strong, although still half the state average, while permit issuance is rapidly increasing. The area's top five employers are Kaiser Permanente, Graton Resort & Casino, St. Joseph Health System, Keysight Technologies, and Safeway Inc.

Stockton MSA

According to Moody's Analytics report as of March 2022, the Stockton-Lodi economy has expanded. The metro area outperformed the nation in job growth for much of 2021. Consumer-driven industries led the gains, and education/healthcare and transportation/warehousing also moved upward. The jobless rate is higher than the state average, but this is consistent with historical trends. A strong labor market and population growth have contributed to the housing price appreciation, making Stockton a top performer in the state. The area's top five employers are St. Joseph Medical Center, Amazon, Safeway Inc., Dameron Hospital, and Pacific Gas and Electric.

Merced MSA

According to Moody's Analytics report as of March 2022, the recent performance of Merced's economy gained strength after the second half of 2021. Employment in the logistics industry has pushed beyond pre-COVID-19 pandemic levels; however, there is a decline in office-using employment and weakness in healthcare and the public sector continue. The housing market is hot, with appreciation remaining stronger than nationally at the end of 2021. The area's top five employers are Mercy Medical Center Merced, Foster Farms AG Inc., University of California, Merced, Quad Graphics Merced, followed by Hilmar Cheese Company.

Modesto MSA

According to Moody's Analytics report as of March 2022, recent performance in Modesto's recovery is gaining strength and outpacing both the state and nation. Healthcare employment is moving in the right direction after sliding in 2021. Employment growth in manufacturing has begun to level out following a faster than average rebound due to a strong demand for locally produced foodstuff. The unemployment rate is making a full recovery, and previously discouraged workers are gradually re-entering the labor force. The low or limited inventory of housing has kept appreciation levels in Modesto above the national average, although the pace of growth is slowing. The area's top five employers are E. & J. Gallo Winery, Doctors Medical Center, Memorial Medical Center, Foster Farms, followed by Del Monte Foods Inc.

Competition

The San Francisco AA is highly competitive for financial services. According to the June 30, 2021 FDIC Deposit Market Share Report, 85 banks operate 1,539 branches and share \$834.7 billion in deposits within the area. The top 5 institutions control 73.1 percent of the AA's deposit market share with a combined \$610 billion in deposits. The five most prominent financial institutions are Bank of America, Wells Fargo Bank, Silicon Valley Bank, JP Morgan Chase Bank, and First Republic Bank. According to the same data, MB operates 40 branches that maintains \$5.4 billion deposits, representing 0.64 percent of the AA's deposits and ranking the institution 15th in the AA based on deposit market share.

Community Contact(s)

Examiners used one existing community contact in the San Francisco AA. The contact is a non-profit organization and indicated that the primary credit need in the area is small business lending, particularly for entrepreneurs. A challenge for entrepreneurs is access to capital. Most entrepreneurs are locked out of conversations when they approach a traditional lender seeking capital. The contact asserts that CDFIs are slightly better. The contact also stated that it would be helpful if banks would build partnerships, collaborate on underwriting or other banking aspects with non-profits to meet the needs of entrepreneurs. Lastly, the contact stated that more assistance to entrepreneurs in credit repair and preparing for a loan in securing collateral is needed.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contact, bank management, and demographic and economic data, examiners determined that small business lending is a primary credit need for the AA. Additionally, examiners identified affordable housing as primary AA CD need.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE SAN FRANCISCO ASSESSMENT AREA

LENDING TEST

Lending levels within the San Francisco AA reflect good responsiveness. The geographic distribution of loans reflects good penetration. The distribution of borrowers reflects adequate penetration. MB made an adequate level of CD loans in the AA.

Lending Activity

Lending levels reflect good responsiveness to the AA credit needs. MB originated or purchased 4,955 small business loans totaling \$570.9 million; 1,021 home mortgage loans totaling \$923.9 million; 20,982 consumer loans totaling \$446.4 million; and 59 CD loans totaling \$103.2 million during this evaluation period.

In 2019, MB ranked 22nd out of 206 lenders that reported 256,212 small business loans in the AA, giving the bank a market share of 0.2 percent by number, and 1.1 percent by dollar. In 2020, MB ranked 17th out of 329 lenders that reported 260,431 small business loans in the AA, giving the bank a market share of 1.0 percent by number, and 1.9 percent by dollar.

The number of small business loans originated or purchased by the bank increased since the prior evaluation period, and steadily increased over the review period. Market share by number and the bank's overall ranking has improved. While the number of total small business loans made in the market increased, the total number of lenders also increased in the market. MB ranks comparably with peer institutions across the evaluation period. Small business lending volume substantially increased in 2020 with most loans made under the SBA PPP.

In 2019, MB ranked 142nd out of 822 lenders that reported 310,670 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.09 percent by number, and 0.1 percent by dollar. In 2020, MB ranked 177th out of 854 lenders that reported 517,065 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.06 percent by number, and 0.1 percent by dollar.

Throughout the evaluation period, the number of mortgage loans originated or purchased by the bank has steadily increased. Despite the increase in mortgage lending, MB's market share ranking slightly improved since the prior evaluation, and then dropped in 2020. The total number of mortgage loans made in the AA increased while total lenders in the market slightly increased. MB ranks in the mid-range of peer institutions.

In 2019, MB originated 4,635 consumer loans totaling \$89.0 million. In 2020, MB originated 7,099 consumer loans totaling \$146.3 million. In 2021, MB originated 9,248 consumer loans totaling \$211.0 million. Over the review period, MB's total consumer lending by number and dollar increased. The bank substantially increased consumer lending from the prior evaluation where the MB originated 3,954 consumer loans totaling \$76.7 million.

Geographic Distribution

The institution's geographic distribution of loans reflects good penetration throughout the AA. Excellent penetration of small business loans, adequate penetration of HMDA, and good penetration of consumer loans supports this conclusion

Small Business Loans

The geographic distribution of small business loans reflects excellent penetration throughout the AA. Across most years of analysis, bank performance in LMI CTs exceeded percentage of businesses and available aggregate data. While there was a slight decline in performance between 2019 and 2020 in low-income tracts, performance rebounded in 2021. The increase in the number of loans during 2020 and 2021 is primarily due to the bank's participation in the PPP.

HMDA Loans

The geographic distribution of HMDA loans reflects adequate penetration throughout the AA. In 2020 the bank's performance in low-income tracts was above the percentage of owner-occupied housing and aggregate data. In moderate-income tracts, the bank's performance in 2020 was slightly below the percentage of owner-occupied housing and aggregate data; however, performance steadily increased over the review period.

Consumer Loans

The geographic distribution of consumer loans reflects good penetration throughout the AA. Performance across the review period trended upward to levels slightly exceeding percentage of households data in 2021. Lending in moderate-income CTs for 2021 exceeded percentage of households data and similar trend shows across the review period.

Borrower Profile

The distribution of borrowers reflects adequate penetration among business customers of different revenue sizes and retail customers of different income levels. This conclusion is supported by adequate small business, good consumer, and poor home mortgage lending performance.

Small Business Loans

MB's distribution of borrowers reflects adequate penetration among businesses of different revenue sizes. MB's lending to businesses with gross annual revenues of \$1 million or less trailed both demographic and aggregate data in 2019. In 2019, the bank's performance was 40.5 percentage points below the percentage of business data, but slightly below aggregate data. The bank's 2020 and 2021 small business lending performance was 80.8 and 81.3 percentage points below the percentage of businesses, respectively, far below its 2019 performance and significantly below the percentage of business data.

The number of PPP loans originated by the institution negatively affected performance in 2020 and 2021. Although they were not required to, the bank did not report gross annual revenues, so examiners were unable to analyze lending to small businesses. Of the 2,617 loans made to small businesses in 2020, 2,198 were under the PPP, and of the 1,762 loans to small business in 2021, 1,404 were under the PPP. To neutralize the impact of PPP lending, examiners adjusted the performance ratio by excluding PPP loans from the total lending. When PPP loans were excluded from the analysis for 2020 and 2021, lending penetration improved to 45.5 percent and 52.6 percent, respectively, below demographic data, but in line with 2019 performance.

Although there is a high level of competition inside the AA, the above-listed Credit Needs and Opportunities section states that small business loans represent a primary credit need and lending opportunity. After adjusting for extraordinary events of the past two years, the performance is adequate.

HMDA Loans

The distribution of borrowers reflects poor penetration to LMI customers. As demonstrated by aggregate data, there is limited opportunity to lend to low-income borrowers in the AA. MB performance was below ACS demographic and aggregate data to low-income borrowers across the review period. While aggregate data demonstrates more opportunity to lend to moderate-income borrowers, bank performance was significantly below demographic and aggregate data during the evaluation period.

MB has mortgage-lending volume in the AA with incomes that are not available. These loans are purchased transactions where the bank did not collect revenue information; therefore, the penetration of these loans could not be analyzed.

Approximately 9.1 percent of the AA families live below the poverty level, which can adversely affect home mortgage borrowing opportunities for those families, particularly home purchase loans. Further, the AA's high median home price makes it difficult for even middle-income families to purchase a home. The aggregate lending data provides a better lending performance comparison as not all LMI families have the financial ability or capacity to qualify for a home mortgage loan. Despite this additional performance context, MB's lending performance is poor.

Consumer Loans

The distribution of borrowers reflects good penetration to LMI customers. While lending to low-income borrowers in 2021 is below the percentage of households data, the bank's performance trended upward over the review period. Moreover, 9.1 percent of the AA families live below the poverty level, which negatively affect the bank's ability to lend to this segment of the market. Lending to moderate-income borrowers significantly and consistently exceeded percentage of households data across all years of analysis.

Community Development Loans

MB made an adequate level of CD loans in the San Francisco AA. The institution's CD lending in the AA decreased since the previous evaluation, where MB made a relatively high level of CD loans at 45 CD loans totaling \$106.8 million. On an annualized basis, the institution's CD lending decreased by 8.4 percent. MB's level of CD lending did not keep pace with growth in assets or loans over the evaluation period. The CD lending addressed all four CD categories. The majority of CD loans targeted revitalization or stabilization efforts. CD lending also benefitted affordable housing, an identified credit need within the AA. The following table illustrates the bank's CD lending activity by year and CD category.

Community Development Lending – San Francisco										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	0	0	5	777	1	8,000	6	13,450	12	22,227
2020	2	738	6	853	1	380	23	62,505	32	64,476
2021	0	0	5	1,412	0	0	10	15,077	15	16,489
Year-to-date (YTD) 2022	0	0	0	0	0	0	0	0	0	0
Total	2	738	16	3,042	2	8,380	39	91,032	59	103,192
<i>Source: Bank Data</i>										

The following are notable examples of CD loans in the San Francisco AA:

- In 2019, MB originated a \$3.0 million loan to a federally qualified health center that serves patients who primarily benefit from Medicare, Medi-Cal, or who are uninsured. The non-profit provides healthcare to underserved populations in the AA on a sliding fee schedule to those without insurance.
- MB made a total of \$4.5 million in loans for a company that provides trash collection and recycling that benefit revitalization stabilization efforts in the AA. The loans supported sanitary services that provide trash collection and recycling in LMI geographies and employ LMI workers in the AA.
- MB made a \$100,000 loan to a school that provides intensive special education services to students in a structured individualized program. All of its students are LMI and receive Medi-Cal. The loan provided funds for an educational organization meeting the community services needs of the AA.

INVESTMENT TEST

The institution has an excellent level of qualified CD investments and grants in San Francisco. The institution exhibits excellent responsiveness to credit and CD needs. The institution makes significant use of complex investments.

Investment and Grant Activity

The institution has an excellent level of qualified CD investment and grants, often in a leadership position, particularly those that are not routinely provided by private investors. Since the previous evaluation, MB's investments increased by dollar from \$56.8 million to \$87.3 million. On an annualized basis, the institution's CD investments and grants increased by 45.7 percent since the previous evaluation. In 2020 and YTD 2022, the bank did not make any investment. The following table details the bank's qualified investment and grant activity by year and CD purpose.

Qualified Investments – San Francisco										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	15	7,818	5	2,526	1	25	2	4,035	23	14,404
2019	2	30,284	0	0	0	0	0	0	2	30,284
2020	0	0	0	0	0	0	0	0	0	0
2021	2	39,900	0	0	4	851	0	0	6	40,751
YTD 2022	0	0	0	0	0	0	0	0	0	0
Subtotal	19	78,002	5	2,526	5	876	2	4,035	31	85,439
Qualified Grants & Donations	42	507	295	925	56	271	11	170	404	1,873
Total	61	78,509	300	3,451	61	1,147	13	4,205	435	87,312
<i>Source: Bank Data</i>										

Listed below are some notable examples of a qualified investment and donations made by the bank within this AA:

- MB retained 6 LIHTC investments totaling \$2.9 million that benefitted affordable housing in the AA.
- MB donated \$95,000 to a revitalization organization that primarily serves LMI geographies.

Responsiveness to Credit and Community Development Needs

The institution exhibits excellent responsiveness to credit and CD needs of the AA. A substantial majority of the AA’s investments supported affordable housing, which is a primary CD need for the AA. Specifically, MB’s investments supported six LIHTC projects, three affordable multi-family housing projects, nine mortgage-backed securities (MBS) benefitting LMI borrowers, and one local CDFI that promotes affordable housing in the AA. Since the previous evaluation, the institution’s new and prior period affordable housing investments increased from \$42.2 million to \$78.5 million. During the review period, MB demonstrated responsiveness to economic development needs in the AA by purchasing stock or depositing into local CDFI institutions that promote economic development in the AA.

Community Development Initiatives

The institution makes significant use of complex investments to support CD initiatives. Specifically, the bank held 6 investments totaling \$2.9 million in complex LIHTCs from the prior period, retained the Richmond Social Impact Bond totaling \$3.0 million, 1 NMTC investment totaling \$1.0 million, and 1 prior period EQ-2 investment totaling \$2.0 million. MB also made 3 new CMBS investments totaling \$59.9 million in the AA that benefitted affordable housing.

SERVICE TEST

Delivery systems are readily accessible to all portions of the San Francisco AA. To the extent changes have been made, the institution’s opening and closing of branches has adversely affected the accessibility of its delivery systems. Services, including business hours, do not vary in a way that inconveniences certain portions of the AA. MB employees provided an adequate level of CD services.

Accessibility of Delivery Systems

Delivery systems are readily accessible to essentially all portions of the San Francisco AA. The AA branch distribution and alternative delivery systems are consistent with the institution overall. MB operates 36 full-service branches in San Francisco. The percentage of branches located in low-income CTs is slightly above the 10.3 percent of branches other institutions operate. It is also above the percentage of households, families, and businesses located in low-income geographies. The percentage of branches located in moderate-income CTs is above the 23.4 percent of branches that other institutions operate, as well as the percentage of households, families, and businesses in moderate-income geographies. In addition, several of the branches in middle- and upper-income CTs are able to serve nearby LMI geographies. The following table shows the distribution of CTs, population, MB branches, and MB ATMs in the AA by income level.

Branch and ATM Distribution by Geography Income Level- San Francisco								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	166	9.9	741,189	9.1	4	11.1	4	11.1
Moderate	392	23.3	1,872,800	23.1	12	33.3	12	33.3
Middle	583	34.7	2,925,526	36.1	10	27.8	10	27.8
Upper	520	31.0	2,544,725	31.4	10	27.8	10	27.8
NA	19	1.1	26,086	0.3	0	0.0	0	0.0
Total	1,680	100.0	8,110,326	100.0	36	100.0	36	100.0

Source: 2015 ACS Data; Bank Data

Changes in Branch Locations

To the extent changes have been made, MB's opening and closing of branches has adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. During the evaluation period, MB closed 10 branch locations in the AA, 5 of which were located in LMI geographies. MB also closed one branch in a middle- CT and four branches in upper-income CTs. While three branch closures in LMI could be partially mitigated by active nearby MB branches, two branch closures in moderate-income were not mitigated which adversely affected accessibility of delivery systems to LMI geographies. The bank did not open any branch locations in the AA during the evaluation period.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and individuals. Of the institution's 36 full-service branches, 16 are located in LMI geographies. Branch hours are Monday through Friday from 9:00 a.m. to 5:00 p.m. Six branch locations offer Friday hours from 9:00 a.m. to 5:00 p.m., including three branches located in LMI geographies. Eight branch location offer drive-up teller services, including two branch locations in moderate-income. All branch locations offer ATM services. MB opened eight IDA accounts in San Francisco, and two BankOn checking accounts. These additional services specifically target unbanked, underbanked, or LMI individuals and families. In addition, the bank collaborates with EverFi to bring financial education materials to four local schools in the AA. MB services, including alternative delivery systems, are available at each full-service branch and are consistent with the discussion at the overall institution level.

Community Development Services

MB provides an adequate level of CD services in San Francisco. While service hours increased compared to the prior evaluation of 2,357 hours, performance compared to FTE at the current examination has decreased due to the significant increase of employees during the review period. Bank performance is comparable to, but does not lead peer institutions operating in the AA. The majority of services provided consisted of community service activities targeted to LMI individuals and families. Bank employees provided qualified services to support affordable housing and economic development, which were both identified as AA needs. The following table details MB's CD service activity by year and CD purpose.

Community Development Services – San Francisco					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	144	745.5	83	60	1032.5
2020	213.5	695.5	67	81	1057
2021	181	335.5	2	1	519.5
YTD 2022	19	45.5	0	0	64.5
Total	557.5	1822	152	142	2673.5

Source: Bank Records

The following are notable examples of CD services provided in the AA.

- A MB employee serves on the board of an organization that connects first-time homebuyers to local financial services. The organization also rehabilitates affordable housing for LMI individuals and first-time home buyers.
- A MB employee serves on the board for an affordable housing organization that provides financial counseling to LMI individuals.
- A MB employee advocated to FHLB on behalf of 15 CD qualified community service organizations through the AHEAD program, which supports initiatives that promote access to affordable housing and economic development opportunity.

LOS ANGELES ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE LOS ANGELES ASSESSMENT AREA

The Los Angeles AA is located in Southern California and is comprised of Los Angeles, Orange, Ventura, Riverside, and San Bernardino Counties. Refer to the institution-wide Description of Assessment Areas section for a description of changes made to this AA during the evaluation period.

Economic and Demographic Data

According to the 2015 ACS data, the Los Angeles AA contains a total of 3,925 CTs, which are comprised of 318 low-, 1,119 moderate-, 1,122 middle-, 1,303 upper -income CTs, and 63 CTs with no income designation. The following table shows select demographic, housing, and business data for the AA.

Demographic Information of the Assessment Area						
Assessment Area: Los Angeles						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3,925	8.1	28.5	28.6	33.2	1.6
Population by Geography	18,388,091	7.6	28.6	29.4	33.8	0.5
Housing Units by Geography	6,346,543	6.7	26.2	29.2	37.5	0.4
Owner-Occupied Units by Geography	3,074,292	2.6	18.6	30.8	47.9	0.1
Occupied Rental Units by Geography	2,780,656	11.3	34.6	27.1	26.4	0.6
Vacant Units by Geography	491,595	6.4	26.1	31.5	35.3	0.7
Businesses by Geography	1,937,113	4.8	20.2	26.9	46.6	1.5
Farms by Geography	23,826	3.8	20.4	31.1	44.0	0.6
Family Distribution by Income Level	4,090,774	23.9	16.5	17.6	42.0	0.0
Household Distribution by Income Level	5,854,948	25.3	15.6	16.5	42.6	0.0
Median Family Income MSA - 11244 Anaheim-Santa Ana-Irvine, CA (Orange County)		\$86,003	Median Housing Value			\$449,452
Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA (Los Angeles County)		\$62,703	Median Gross Rent			\$1,330
Median Family Income MSA - 37100 Oxnard-Thousand Oaks-Ventura, CA MSA (Ventura County)		\$86,766	Families Below Poverty Level			13.1%
Median Family Income MSA - 40140 Riverside-San Bernardino-Ontario, CA MSA (Riverside and San Bernardino Counties)		\$61,507				

Source: 2015 ACS and 2021 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.*

The BLS provides data on changes in unemployment rates. Unemployment rates in CA and the U.S. significantly increased from 2019 to 2020, with the state unemployment rate consistently higher than the national average year over year. In 2020, the AA, state, and nation experienced significant increases in unemployment rates due to the onset of the COVID-19 pandemic.

The following table illustrates the unemployment rates for the AA by MSAs, CA, and nationwide for 2019, 2020, and 2021.

Unemployment Rates			
Area	2019	2020	2021
	%	%	%
Los Angeles-Long Beach-Anaheim MSA			
Anaheim-Santa Ana-Irvine MD	2.8	8.9	6.0
Los Angeles-Long Beach-Glendale MD	4.6	13.0	10.4
Oxnard-Thousand Oaks-Ventura MSA	3.7	8.6	6.1
Riverside-San Bernardino-Ontario MSA	4.1	9.8	7.4
State of CA	4.1	10.3	7.4
National Average	3.7	8.1	5.4
<i>Source: BLS/Moody's Analytics</i>			

Examiners obtained the following economic information from Moody's Analytics.

Los Angeles-Long Beach-Anaheim MSA

Anaheim-Santa Ana-Irvine MD

According to Moody's Analytics report as of February 2022, recovery in this area is further along than the state but trails the nation. Employment is increasing, as most industries are adding jobs. Leisure/hospitality led the way in the second half of 2021, and professional services and healthcare were also big contributors. The housing prices exceed strong U.S. averages. The area's top five employers are Disney Resorts, University of California, Irvine, St. Joseph Health, Kaiser Permanente, and Target Brands Inc.

Los Angeles-Long Beach-Glendale MD

According to Moody's Analytics report as of February 2022, recovery in the Los Angeles-Long Beach-Glendale MD is underwhelming. The employment rebound consistently trails the state and U.S. averages. Though healthcare and logistics have recovered nicely, moderate gains in professional/business services, finance and entertainment are slowing the recovery. Housing prices have soared; however, this has done little to increase residential construction. The area's top five employers are Cedars-Sinai Medical Center, Los Angeles International Airport-LAX, University of California, Los Angeles, VXi Global Solutions, and The Walt Disney Company.

Oxnard-Thousand Oaks-Ventura MSA

According to Moody's Analytics report as of March 2022, the Oxnard-Thousand Oaks-Ventura's economy has slowed. Employment has made little progress since mid-2021, causing the overall jobs recovery to fall further behind those of the state and nation. The unemployment rate is falling slowly, even as the labor force rebound trails the U.S. average. New-home construction has softened a bit in recent months, and the growth in housing prices has begun to slow. The area's top five employers Ventura Naval Base, Amgen Inc., Bank of America, WellPoint Health Networks Inc., and Community Memorial Hospital of San Buenaventura.

Riverside-San Bernardino-Ontario MSA

According to Moody's Analytics report as of February 2022, the Riverside-San Bernardino- Ontario's MSA economy is recovering nicely. The share of jobs recovered is slightly below the U.S. average; however, surpasses California's other large metro areas. Transportation/warehousing and healthcare led the initial rebound, and leisure/hospitality and manufacturing led gains in recent months. The unemployment rate is still higher than the pre-recession rate. The top five employers are Stater Brothers Markets, Arrowhead Regional Medical Center, U.S. Marine Corps. Air Ground Combat Center, Fort Irwin, and Walmart Inc.

Competition

The Los Angeles AA is a highly competitive market that includes several large national and regional financial institutions. According to the June 2021 FDIC Summary of Deposits data, 127 financial institutions operate in the Los Angeles AA. The AA's total deposit market is \$871.0 billion. The 3 largest institutions hold \$417.0 billion in deposits, representing 47.9 percent of the AA's deposit market. MB is the 29th largest institution by deposit market share in the AA holding 0.34 percent of total market deposits. The bank operates 17 branches and holds \$2.9 billion in deposits within the AA.

Community Contact(s)

Examiners used one existing community contact for the Los Angeles AA. The contact is a non-profit agency providing affordable housing support and services. Counselors specialize in foreclosure prevention, first time home buying, and credit counseling. The contact stated that Los Angeles is experiencing a housing crisis with very limited housing stock. The large population of immigrant families are facing difficulty when trying to attain credit and qualify for housing.

Credit and Community Development Needs and Opportunities

Considering the information from the community contact, bank management, and demographic and economic data, examiners determined that both affordable housing and small business lending represent a primary CD need for the AA. Additionally, there was an identified need for financial education assistance to help individuals/businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LOS ANGELES ASSESSMENT AREA

LENDING TEST

Lending levels within the Los Angeles AA reflect good responsiveness. The geographic distribution of loans reflects good penetration. The distribution of borrowers reflects adequate penetration. MB made a low level of CD loans in the AA.

Lending Activity

Lending levels reflect good responsiveness to the AA credit needs. MB originated or purchased 2,011 small business loans totaling \$297.9 million; 784 home mortgage loans totaling \$980.8 million; 45,784 consumer loans totaling \$1.1 billion; and 15 CD loans totaling \$24.7 million during this evaluation period.

In 2019, MB ranked 65th out of 274 lenders that reported 639,706 small business loans in the AA, giving the bank a market share of 0.04 percent by number, and 0.3 percent by dollar. In 2020, MB ranked 50th out of 400 lenders that reported 667,329 small business loans in the AA, giving the bank a market share of 0.2 percent by number, and 0.5 percent by dollar.

The number of small business loans originated or purchased by the bank increased since the prior evaluation period. Market share by number and the bank's overall ranking has improved. Both number of total small business loans and total lenders in the market increased during the evaluation period. MB ranks among the top of peer institutions across the evaluation period. Small business lending volume substantially increased in 2020 with most loans made under the PPP.

In 2019, MB ranked 302nd out of 991 lenders that reported 616,841 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.03 percent by number, and 0.06 percent by dollar. In 2020, MB ranked 327th out of 997 lenders that reported 1,033,609 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.02 percent by number, and 0.05 percent by dollar.

Throughout the evaluation period, the number of mortgage loans originated or purchased by the bank has consistently increased. MB's market share ranking improved but fluctuated since the prior evaluation. MB consistently ranks lower than peer institutions across the evaluation period.

In 2019, MB originated 10,797 consumer loans totaling \$223.6 million. In 2020, MB originated 15,534 consumer loans totaling \$350.6 million. In 2021, MB originated 19,453 consumer loans totaling \$1.073 billion. Over the review period, MB's total consumer lending by number and dollar increased. The bank increased consumer lending from the prior evaluation where the MB originated 20,489 consumer loans totaling \$428.2 million.

Geographic Distribution

The institution's geographic distribution of loans reflects good penetration throughout the AA. Good penetration of consumer loans, excellent penetration of small business loans, and good penetration of HMDA supports this conclusion

Consumer Loans

The geographic distribution of consumer loans reflects good penetration throughout the AA. While lending in low-income tracts was below percentage of household data for 2021, performance across the review period trended upward to comparable levels. Lending to moderate-income CTs consistently exceeded percentage of households data. Lending in LMI tracts consistently trend upward over the review period.

Small Business Loans

The geographic distribution of small business loans reflects excellent penetration throughout the AA. Across all years of analysis, bank performance in LMI CTs exceeded percentage of businesses and available aggregate data. While there was a slight decline between 2019 and 2020, performance still outpaced comparison data. The increase in the number of loans during 2020 and 2021 is primarily due to the bank's participation in the PPP.

HMDA Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the AA. In 2020, lending to low-income CTs exceeded the percentage of owner-occupied housing and aggregate data. Performance continued to trend upward in 2021. Performance in moderate-income tracts was above percentage of owner-occupied housing data, performance also exceeded aggregate lending data. Lending in LMI tracts consistently trended upward over the review period.

Borrower Profile

The distribution of borrowers reflects adequate penetration among business customers of different revenue sizes and retail customers of different income levels. Adequate consumer, poor small business and adequate home mortgage lending performance support this conclusion.

Consumer Loans

The distribution of borrowers reflects adequate penetration to LMI customers. Lending to low-income borrowers in 2021 is below the percent of households and remains relatively consistent across the review period. Moreover, 13.1 percent of the AA families live below the poverty level, which negatively affect the bank's ability to lend to this segment of the market. Lending to moderate-income borrowers in 2021 exceeded percent of household data and trended upward across all years of analysis.

Small Business Loans

MB's distribution of borrowers reflects poor penetration among businesses of different revenue sizes. MB's lending to businesses with gross annual revenues of \$1 million or less trailed both demographic and aggregate data in 2019. In 2019, the bank's performance was 45.2 percentage points below demographic data, but slightly below aggregate data. The bank's 2020 and 2021 small business lending performance was 82.2 percent and 82.0 percentage points below the percentage of businesses, respectively, far below its 2019 performance and significantly below the percentage of business data.

The number of SBA PPP loans originated by the institution negatively affected performance in 2020 and 2021. Although they were not required to, the bank did not report gross annual revenues, so examiners were unable to analyze lending to small businesses. Of the 1,140 loans made to small businesses in 2020, 962 were under the PPP, and of the 629 loans to small business in 2021, 483 were under the PPP. To neutralize the impact of PPP lending, examiners adjusted the performance ratio by excluding PPP loans from the total lending. When PPP loans were excluded from the analysis for 2020 and 2021, lending penetration improved to 30.0 percentage points and 67.4 percentage points, respectively, below demographic data, but inconsistent with the 2019 performance.

Although there is a high level of competition inside the AA, the above-listed Credit Needs and Opportunities section states that small business loans represent a primary credit need and lending opportunity. After adjusting for extraordinary events of the past two years, the performance is still considered poor. There is, however, potential for the bank to improve in this area going forward.

HMDA Loans

The distribution of borrowers reflects adequate penetration to LMI borrowers. MB performance was below ACS demographic and aggregate data in 2020. Low aggregate performance indicates limited lending opportunity to low-income borrowers. Lending to moderate-income borrowers in 2020 was below ACS demographic and aggregate data. MB performance was inconsistent over the review period in each LMI category.

MB has mortgage-lending volume in the AA with incomes that are not available. These loans are purchased transactions where the bank did not collect revenue information; therefore, the penetration of these loans could not be analyzed.

Approximately 13.1 percent of the AA families live below the poverty level, which can adversely affect home mortgage borrowing opportunities for those families, particularly home purchase loans. Overall, taking into consideration performance context information, MB's performance is adequate.

Community Development Loans

MB made a low level of community development loans in the Los Angeles AA. The institution's CD lending in the AA decreased since the previous evaluation, where MB was a leader in making CD loans at 14 CD loans totaling \$45.4 million. On an annualized basis, the institution's CD lending decreased by 48.3 percent. The majority of CD

loans targeted revitalization or stabilization efforts, followed by community service. CD lending did not benefit small business lending, or affordable housing, which were, identified AA needs. MB was not responsive to identified needs of the community. MB also did not make any CD lending for YTD 2022. The following table illustrates the bank’s CD lending activity by year and CD category.

Community Development Lending – Los Angeles										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	0	0	0	0	0	0	1	1,500	1	1,500
2020	0	0	1	750	0	0	8	16,786	9	17,536
2021	0	0	2	1,250	0	0	3	4,452	5	5,702
YTD 2022	0	0	0	0	0	0	0	0	0	0
Total	0	0	3	2,000	0	0	12	22,738	15	24,738

Source: Bank Data

The following are notable examples of CD loans in the Los Angeles AA:

- In 2021, MB originated a \$500,000 loan to benefit community services in the AA. The loan funded a non-profit that provides youth crisis and homelessness services.
- In 2021, MB renewed a \$1.5 million working capital line of credit (WCLOC) to benefit revitalization efforts in the AA. The WCLOC supported business operations for a manufacturing firm that operates in a moderate-income geography. The funding helps maintain business operations to continue employment of LMI area residents.
- In 2021, MB originated a \$750,000 loan to benefit community services in the AA. The loan funded a non-profit who provides care services to the elderly. A majority of clients served are LMI.

INVESTMENT TEST

The institution has an excellent level of qualified CD investments and grants in the Los Angeles AA. The institution exhibits excellent responsiveness to credit and CD needs. The institution occasionally uses of complex investments.

Investment and Grant Activity

The institution has an excellent level of qualified CD investment and grants, often in a leadership position, particularly those that are not routinely provided by private investors. Since the previous evaluation, MB’s investments increased in dollar from \$37.2 million to \$133.2 million. On an annualized basis, the institution’s CD investments and grants increased by 239.9 percent since the previous evaluation. MB did not make any investment for YTD 2022. The following table details the bank’s qualified investment and grant activity by year and CD purpose.

Qualified Investments – Los Angeles										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	9	16,052	2	1,812	1	104	0	0	12	17,968
2019	9	55,745	0	0	0	0	0	0	9	55,745
2020	18	36,413	0	0	0	0	0	0	18	36,413
2021	4	23,073	0	0	0	0	0	0	4	23,073
YTD 2022	0	0	0	0	0	0	0	0	0	0
Subtotal	40	131,283	2	1,812	1	104	0	0	43	133,199
Qualified Grants & Donations	9	72	81	342	25	178	0	0	115	592
Total	49	131,355	83	2,154	26	282	0	0	158	133,791
<i>Source: Bank Data</i>										

Listed below are some notable examples of a qualified investment and donation made by the bank within this AA:

- MB invested in 30 CMBS affordable housing projects in the AA totaling \$105.1 million.
- The bank maintained common shares totaling \$104,000 in a local CDFI that promotes economic development in the AA.
- MB donated \$30,000 to an affordable housing organization that primarily focuses on LMI individuals. The organization provides homebuyer education, counseling, financial coaching, and mortgage loans to LMI.

Responsiveness to Credit and Community Development Needs

The institution exhibits excellent responsiveness to credit and CD needs. The institution’s new and prior period affordable housing investments increased from \$35.4 million at the previous evaluation to \$131.3 million at the current examination. The bank supported affordable housing by investing in 30 affordable multi-family housing projects, 1 local CDFI that promotes affordable housing in the AA, and 1 MBS benefitting LMI borrowers. While investment efforts benefitting economic development decreased from the last evaluation, MB demonstrated responsiveness to economic development needs by maintaining stock into local CDFI institutions that promote economic development in the AA.

Community Development Initiatives

The institution occasionally uses complex investments to support CD initiatives. MB made 30 new CMBS investments totaling \$105.1 million in the AA that benefitted affordable housing. The bank also retained 1 prior period EQ-2 investment totaling \$250,000.

SERVICE TEST

Delivery systems are accessible to essentially all portions of the Los Angeles AA. The institution’s record of opening or closing of branches has adversely affected the accessibility of its delivery systems. Services, including business hours, do not vary in a way that inconveniences certain portions of the AA. The institution provides a limited level of CD services in the AA.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the AA. The AA branch distribution is below the institution overall while the alternative delivery systems are consistent. MB operates 14 full-service branches in Los Angeles; refer to the following table. The percentage of branches located in low-income CTs is slightly above the 5.1 percent of branches other institutions operate, and is comparable to the percentage of households, families, and businesses located in low-income geographies. The percentage of branches located in moderate-income is above the 21.3 percent of branches that other institutions operate, as well as the percentage of households, families, and businesses in moderate-income geographies. MB also operates two branches in middle-income and five branches in upper-income tracts. While several of these branches are able to serve nearby LMI geographies, some branches strictly serve middle- or upper-income areas. The following table shows the distribution of CTs, population, MB branches, and MB ATMs in the AA by income level.

Branch and ATM Distribution by Geography Income Level- Los Angeles								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	318	8.1	1,401,308	7.6	1	7.1	1	8.3
Moderate	1,117	28.5	5,265,325	28.6	6	42.9	6	50.0
Middle	1,122	28.6	5,412,279	29.4	2	14.3	2	16.7
Upper	1,305	33.2	6,213,612	33.8	5	35.7	3	25.0
NA	63	1.6	95,567	0.5	0	0.0	0	0.0
Total	3,925	100.0	18,388,091	100.0	14	100.0	12	100.0

Source: 2015 ACS Data; Bank Data

Changes in Branch Locations

To the extent changes have been made, MB's opening and closing of branches has adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. During the evaluation period, MB closed seven branch locations in the AA, two of which were located in moderate-income geographies. MB also closed four branches in middle- CTs, and one branch in an upper-income CT. One branch closure in a moderate-income tract was not mitigated by active nearby MB branches, which adversely affects accessibility of delivery systems to LMI geographies. Moreover, one branch closure in middle-income geographies served surrounding LMI tracts and their closures negatively affected accessibility. The bank did not open any branch locations in the AA during the evaluation period.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and individuals. Of the institution's 14 full-service branches, seven are located in LMI geographies. Branch hours generally are Monday through Friday from 9:00 a.m. to 5:00 p.m. Thirteen branch locations offer extended Friday hours from 9:00 a.m. to 6:00 p.m., including all LMI branch locations. One branch location in an upper-income tract has limited hours Monday through Friday from 10:00 a.m. to 4:00 p.m. Eight branch locations offer drive-up teller services, including three branch locations in LMI CTs. Twelve branch locations offer ATM services. Two branch locations in upper-income geographies do not have ATM services. In addition, the bank collaborates with EverFi to bring financial education materials to 13 local schools in the AA. MB services, including alternative delivery systems, are available at each full-service branch and are consistent with the discussion at the overall institution level.

Community Development Services

MB provides a limited level of CD services in Los Angeles. During the evaluation period, MB staff provided 346 CD service hours. Service hours decreased compared to the prior evaluation of 375 hours. At the prior evaluation, the bank operated four branches in the AA. Currently, MB operates 14 branches. Despite the increase in the number of branch operations in the AA, service hour performance decreased. Compared to similarly situated institutions, the bank performs at a lower level. The majority of services provided consisted of community service activities targeted to LMI individuals and families. Bank employees also provided qualified services to support economic development, which was an identified AA need. The following table details MB's CD service activity by year and CD purpose.

Community Development Services – Los Angeles					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	0	152.5	3	0	155.5
2020	0	96.5	22	8	126.5
2021	0	44.5	0	0	44.5
YTD 2022	0	19.5	0	0	19.5
Total	0	313	25	8	346

Source: Bank Records

The following are notable examples of CD services provided in the AA.

- A MB employee served as a board member for an organization that revitalizes and stabilizes LMI CTs. This organization is a certified community-develop corporation that revitalizes homes and spurs economic opportunity in the AA.
- A MB employee served as a board member for an economic development organization. This organization provides resources to help finance small businesses using public and private funds.
- A MB employee served as a board member for a community service organization that targets LMI youth. The MB employee provided financial education to LMI youth and assisted in the organization's budget and strategic plan.

SAN LUIS OBISPO ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE SAN LUIS OBISPO ASSESSMENT AREA

The San Luis Obispo AA is located on the Central Coast and is comprised of San Luis Obispo County. This AA is new since the previous evaluation and is due to the 2019 RNA merger.

Economic and Demographic Data

According to the 2015 ACS data, the San Luis AA contains a total of 54 CTs, which are comprised of 7 moderate-, 34 middle-, 8 upper-income CTs, and 5 CTs with no income designation. There are no low-income CTs within the

AA; therefore, examiners focused on the bank’s record of lending in moderate-income CTs for the geographic distribution analysis. The following table shows select demographic, housing, and business data for the AA.

Demographic Information of the Assessment Area						
Assessment Area: San Luis Obispo						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	54	0.0	13.0	63.0	14.8	9.3
Population by Geography	276,517	0.0	13.8	65.8	14.8	5.6
Housing Units by Geography	118,806	0.0	14.2	68.6	16.0	1.3
Owner-Occupied Units by Geography	59,714	0.0	9.3	71.7	18.5	0.5
Occupied Rental Units by Geography	43,862	0.0	21.6	63.4	12.6	2.4
Vacant Units by Geography	15,230	0.0	11.8	71.1	15.6	1.5
Businesses by Geography	30,393	0.0	20.4	58.9	19.8	0.8
Farms by Geography	1,413	0.0	9.5	70.7	18.4	1.4
Family Distribution by Income Level	65,508	21.0	18.2	20.2	40.6	0.0
Household Distribution by Income Level	103,576	24.8	15.9	16.8	42.5	0.0
Median Family Income MSA - 42020 San Luis Obispo-Paso Robles, CA MSA		\$76,771	Median Housing Value			\$476,489
			Median Gross Rent			\$1,281
			Families Below Poverty Level			7.6%

Source: 2015 ACS and 2021 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.

The BLS provides data on changes in unemployment rates. Unemployment rates in California and the U.S. significantly increased from 2019 to 2020, with the state unemployment rate consistently higher than the national average year-over-year. In 2020, the AA, state, and nation experienced significant increases in unemployment rates due to the onset of the COVID-19 pandemic.

The following table illustrates the unemployment rates for the AA by MSA, California, and nationwide for 2019, 2020, and 2021.

Unemployment Rates			
Area	2019	2020	2021
	%	%	%
San Luis Obispo MSA	2.9	7.8	5.5
State of CA	4.1	10.3	7.4
National Average	3.7	8.1	5.4

Source: BLS/Moody's Analytics

Examiners obtained the following economic information from Moody's Analytics as of March 2022:

San Luis Obispo MSA

San Luis Obispo’s economy is making a full recovery. The labor market is stronger than previously thought, with job recovery almost complete. Leisure/hospitality has been a major source of job gains due to visitors to the wine country

in the past year, although growth has leveled off in recent months. The unemployment rate is close to pre-pandemic levels. The housing market remains strong, with home price growth in double digits; however, it is trailing the state and national rates. The top five employers are California Polytech State University, Atascadero State Hospital, PG&E, California Men's Colony, and Cal Poly Corporation.

Competition

According to the June 2021 FDIC Summary of Deposits data, only 16 financial institutions operate in the San Luis Obispo AA. The AA's total deposit market is \$8.9 billion. The 3 largest institutions hold \$4.7 billion in deposits, representing 53.0 percent of the AA's deposit market share. MB has the largest deposit market share with \$1.7 billion in deposits representing 19.2 percent of the market share in the AA. The bank operates 14 branches in the AA.

Community Contact(s)

Examiners used one existing community contact in the San Luis Obispo AA. The contact is a non-profit provider of economic development services and business resources throughout the area. As community banks are consolidated or acquired by larger banks, it is difficult for small businesses on the Central Coast to gain financial support. The primary credit need is funding for small businesses.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contact, bank management, and demographic and economic data, examiners determined that small business lending is a primary credit need for the AA. Additionally, examiners identified economic development, including services as primary AA need.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE SAN LUIS OBISPO ASSESSMENT AREA

LENDING TEST

Lending levels within the San Luis Obispo AA reflect adequate responsiveness. The geographic distribution of loans reflects adequate penetration. The distribution of borrowers reflects adequate penetration. MB made a low level of CD loans in the AA.

Lending Activity

Lending levels reflect adequate responsiveness to the AA credit needs. MB originated or purchased 1,418 small business loans totaling \$145.8 million; 447 home mortgage loans totaling \$205.1 million; 235 consumer loans totaling \$5.1 million; and 5 CD loans totaling \$1.8 million during this evaluation period.

In 2019, MB ranked 14th out of 93 lenders that reported 9,683 small business loans in the AA, giving the bank a market share of 1.3 percent by number, and 7.8 percent by dollar. In 2020, MB ranked 4th out of 127 lenders that reported 10,035 small business loans in the AA, giving the bank a market share of 8.0 percent by number, and 12.8 percent by dollar.

The number of small business loans originated or purchased by the bank increased over the evaluation period. Market share by number and the bank's overall ranking has improved. The number of total small business loans made in the

market increased as well as the total number of lenders. MB ranks higher than peer institutions across the evaluation period. Small business lending volume substantially increased in 2020 and 2021 with most loans made under the PPP.

In 2019, MB ranked 15th out of 395 lenders that reported 11,569 originated or purchased home mortgage loans in the AA, giving the bank a market share of 1.4 percent by number, and 1.7 percent by dollar. In 2020, MB ranked 30th out of 476 lenders that reported 21,286 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.8 percent by number, and 0.9 percent by dollar.

The number of mortgage loans originated or purchased by the bank dropped over the evaluation period. MB's market share ranking dropped between 2019 and 2020. MB ranks higher than peer institution, though it operates in a market primarily of mortgage companies.

In 2019, MB originated 46 consumer loans totaling \$781 thousand. In 2020, MB originated 89 consumer loans totaling \$1.9 million. In 2021, MB originated 100 consumer loans totaling \$2.4 million. Over the review period, MB's total consumer lending by number and dollar increased.

Geographic Distribution

The institution's geographic distribution of loans reflects adequate penetration throughout the AA. Adequate penetration of small business loans, adequate consumer loans, and good penetration of HMDA supports this conclusion

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the AA. Lending in moderate-income tracts was slightly below, or comparable to percentage of businesses and available aggregate data across the review period. The increase in the number of loans during 2020 and 2021 is primarily due to the bank's participation in the PPP.

Consumer Loans

The geographic distribution of consumer loans reflects adequate penetration throughout the AA. While performance was below the percentage of household data for the review period, lending in moderate-income CTs consistently trended upward to levels just slightly below the percentage of households demographic data.

HMDA Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the San Luis Obispo AA. In 2019, performance in moderate-income tracts was below percentage of owner-occupied housing and aggregate data. In 2020, performance increased to exceed percentage of owner-occupied housing and aggregate data.

Borrower Profile

The distribution of borrowers reflects adequate penetration among business customers of different revenue sizes and retail customers of different income levels. This conclusion is supported by adequate small business, good consumer, and poor home mortgage lending performance.

Small Business Loans

MB's lending to businesses with gross annual revenues of \$1 million or less trailed both demographic and aggregate data in 2019. In 2019, the bank's performance was 45.4 percentage points below demographic data, but slightly below aggregate data. The bank's 2020 and 2021 small business lending performance was 83.8 percent and 83.0 percentage points below the percentage of businesses, respectively, far below its 2019 performance and significantly below demographic data.

The number of SBA PPP loans originated by the institution negatively affected performance in 2020 and 2021. Although not required, the bank did not report gross annual revenues, so examiners were unable to analyze lending to small businesses. Of the 801 loans made to small businesses in 2020, 719 were under the PPP, and of the 487 loans to small business in 2021, 402 were under the PPP. To neutralize the impact of PPP lending, examiners adjusted the performance ratio by excluding PPP loans from the total lending. When PPP loans were excluded from the analysis for 2020 and 2021, lending penetration improved to 43.3 percent and 53.8 percent, respectively, below demographic data, but in line with the 2019 performance.

Although there is a high level of competition inside the AA, the above-listed Credit Needs and Opportunities section states that small business loans represent a primary credit need and lending opportunity. After adjusting for extraordinary events of the past two years, the performance is adequate.

Consumer Loans

The distribution of borrowers reflects good penetration to LMI customers. While lending to low-income borrowers in 2021 is below the percentage of household data and fluctuates across the review period, poverty rates at 7.6 percent impact the bank's ability to lend to this segment of the AA market. Lending to moderate-income borrowers significantly exceeded the percentage of household data across all years of analysis.

HMDA Loans

The distribution of borrowers reflects poor penetration to LMI borrowers. As demonstrated by aggregate data, there is limited opportunity to lend to low-income borrowers in the AA. MB performance was below ACS demographic data and was comparable to or slightly below aggregate levels across the review period. Lending to moderate-income borrowers compared favorably to aggregate levels in 2019; however, performance decreased to levels significantly below comparison data in 2020.

MB has mortgage-lending volume in the AA with incomes that are not available. These loans are purchased transactions where the bank did not collect revenue information; therefore, the penetration of these loans could not be analyzed.

Approximately 7.6 percent of the AA families live below the poverty level, which can adversely affect home mortgage borrowing opportunities for those families, particularly home purchase loans. Further, the AA's high median home price makes it difficult for even middle-income families to purchase a home. The aggregate lending data provides a better lending performance comparison as not all LMI families have the financial ability or capacity to qualify for a home mortgage loan. Despite this additional performance context, MB's lending performance is poor.

Community Development Loans

MB made a low level of community development loans in the San Luis Obispo AA. The institution did not operate in the AA at the previous examination. On an annualized basis, the institution's CD lending is not comparable to MB's

other AAs because of fewer branches in the AA. MB performed below peer institutions in the AA. The majority of CD loans targeted community services, an identified need within the AA.

Community Development Lending – San Luis Obispo										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	0	0	1	1,059	0	0	0	0	1	1,059
2020	1	70	1	200	0	0	0	0	2	270
2021	1	300	1	200	0	0	0	0	2	500
YTD 2022	0	0	0	0	0	0	0	0	0	0
Total	2	370	3	1,459	0	0	0	0	5	1,829
<i>Source: Bank Data</i>										

The following are notable examples of CD loans in the San Luis Obispo AA:

- In 2021, MB originated a \$200,000 loan to benefit community services in the AA. The loan funded a child development non-profit that provides childcare services. All of the families serviced are eligible to receive free or reduced lunch.
- MB made 2 loans totaling \$370,000 to provide affordable housing in the AA. The loan funded a nonprofit organization that provides services to those experiencing homelessness.
- In 2019, MB originated a \$1.1 million loan to benefit community services in the AA. The loan funded a non-profit who provides mental health services to those experiencing homelessness.

INVESTMENT TEST

The institution has an adequate level of qualified CD investments and grants in San Luis Obispo. The institution exhibits adequate responsiveness to credit and CD needs. The institution occasionally uses complex investments.

Investment and Grant Activity

The institution has an adequate level of qualified CD investment and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The bank was not previously evaluated in San Luis Obispo. The following table details the bank’s qualified investment and grant activity by year and CD purpose.

Qualified Investments – San Luis Obispo										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	6	7,355	0	0	0	0	0	0	6	7,355
2019	1	4,500	0	0	0	0	0	0	1	4,500
2020	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
YTD 2022	0	0	0	0	0	0	0	0	0	0
Subtotal	7	11,855	0	0	0	0	0	0	7	11,855
Qualified Grants & Donations	7	39	31	93	4	25	0	0	42	157
Total	14	11,894	31	93	4	25	0	0	49	12,012
<i>Source: Bank Data</i>										

Listed below are some notable examples of a qualified investments and donations made by the bank within this AA:

- The bank maintained 3 EQ-2 investments in the AA totaling \$1.5 million that benefitted organizations that bring affordable housing to LMI individuals and families in the AA.
- MB donated \$15,000 to an affordable housing organization that primarily focuses on LMI individuals. The organization provides financial education, build homes, and provide resources to their clients.

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and CD needs. The primary need identified in the AA was economic development. While the bank did not make any economic development investments in San Luis Obispo during the evaluation period, the bank made 4 qualifying donations totaling \$25,000 to support the AA needs. The bank supported economic development by donating to a local economic development association, and community development corporation. Investments primarily benefitted affordable housing in the AA.

Community Development Initiatives

The institution occasionally uses complex investments to support CD initiatives. Specifically, the bank held 3 investments totaling \$5.8 million in complex LIHTCs from the prior period. MB also made 1 new CMBS investment totaling \$4.5 million in the AA that benefitted affordable housing. MB also held 3 prior period EQ-2 investment totaling \$1.5 million.

SERVICE TEST

Delivery systems are readily accessible to all portions of the AA. To the extent changes have been made, the institutions opening and closing of branches has generally not affected the accessibility of its delivery systems. Services, including business hours, did not vary in a way that inconveniences portions of the AA. The institution provides a limited level of CD services.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the AA. The AA branch distribution and alternative delivery systems are consistent with the institution overall. MB operates 13 full-service branches in San Luis

Obispo. There are no low-income geographies in the AA. The moderate-income branch percentage is below the 37.5 percent of branches that other institutions operate, but higher than the percentage of households, families, and businesses in moderate-income geographies. The branches in middle- and upper-income CTs also reasonably serve moderate-income areas. The following table shows the distribution of CTs, population, MB branches, and MB ATMs in the AA by income level.

Branch and ATM Distribution by Geography Income Level- San Luis Obispo								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Moderate	7	13.0	38,177	13.8	4	30.8	4	30.8
Middle	34	63.0	181,873	65.8	6	46.2	6	46.2
Upper	8	14.8	41,039	14.8	3	23.1	3	23.1
NA	5	9.3	15,428	5.6	0	0.0	0	0.0
Total	54	100.0	276,517	100.0	13	100.0	13	100.0
<i>Source: 2015 ACS Data; Bank Data</i>								

Changes in Branch Locations

To the extent changes have been made, MB's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. During the evaluation period, MB closed one branch location in the AA in a middle-income CT. This closure is partially mitigated by an active MB branch located 6.0 miles away. The bank did not open any branch locations in the AA during the evaluation period.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences portions of the AA, particularly LMI geographies and individuals. Products and services offered in the AA are consistent with the institution overall. Of the institution's 13 full-service branches, 4 are located in moderate-income geographies. Branch hours are all Monday through Thursday from 9:00 a.m. to 5:00 p.m. All branch locations offer extended Friday hours from 9:00 a.m. to 6:00 p.m. Twelve branch location offer drive-up teller services. One branch in an upper-income geography does not offer drive-up teller services. All branch locations offer ATM services. MB services, including alternative delivery systems, are available at each full-service branch and are consistent with the discussion at the overall institution level.

Community Development Services

MB provides a limited level of CD services in San Luis Obispo. The bank did not operate in this AA at the previous examination. MB performs at a lower level compared to similarly situated institutions in the AA. All services provided consisted of community service activities targeted to LMI individuals and families. The following table details MB's CD service activity by year and CD purpose.

Community Development Services – San Luis Obispo					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	0	0	0	0	0
2020	0	10	0	0	10
2021	0	7	0	0	7
YTD 2022	0	3	0	0	3
Total	0	20	0	0	20
<i>Source: Bank Records</i>					

The following are notable examples of CD services provided in the AA.

- A MB employee served on the board and assisted with technology needs for a community services organization that serves LMI youth.
- A MB employee served as a board member for an organization that targets small businesses. The MB employee provided technical assistance on lending to the organization.

OTHER ASSESSMENT AREAS – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE ASSESSMENT AREAS

The following table summarizes MB’s performance for the California AAs reviewed using limited-scope examination procedures. The following conclusions are based on a review of available facts and data, aggregate lending comparison, and demographic information. The conclusions did not alter the bank’s overall performance rating.

Assessment Area	Lending Test	Investment Test	Service Test
San Diego	Consistent	Below	Consistent
Sacramento	Consistent	Consistent	Consistent
Santa Barbara	Consistent	Below	Consistent
Bakersfield	Consistent	Below	Consistent
Chico	Consistent	Below	Consistent
El Centro	Consistent	Below	Exceeds
Fresno	Consistent	Below	Consistent
Redding	Below	Below	Consistent
Salinas	Exceeds	Below	Consistent
Visalia	Consistent	Below	Consistent
Non-MSAs	Consistent	Below	Consistent

Facts and data supporting conclusions for the AAs follows, including a summary of the institution’s operations and activities, followed by geographic distribution and borrower profile tables by loan type. Demographic data and deposit market share information for the limited-scope areas are included in the Appendices of this Performance Evaluation.

San Diego

The institution operates one full-service branch in the AA located in a middle-income CT. Branch locations did not change during the review period. Branch distribution, deposit products, and services are consistent with the institution overall.

Activity	#	\$ (000's)
Home Mortgage Loans	147	300,718
Small Business Loans	133	34,400
Consumer	6,277	144,148
Community Development Loans	1	21,990
Investments (New)	7	41,260
Investments (Prior Period)	8	2,278
Donations	7	18
CD Services	12 hours	

Source: Bank Data

Sacramento

The institution operates three full-service branches in the AA; all in upper-income CTs. MB closed two branch locations; one in a middle-income CT and one in a moderate-income CT during the evaluation period. Branch distribution, deposit products, and services are consistent with the institution overall.

Activity	#	\$ (000's)
Home Mortgage Loans	143	122,410
Small Business Loans	569	72,393
Consumer	4,622	91,542
Community Development Loans	4	6,303
Investments (New)	10	127,085
Investments (Prior Period)	4	1,944
Donations	40	154
CD Services	184 hours	

Source: Bank Data

Santa Barbara

The institution operates 12 full-service branches in the AA; 2 in low-, 4 in moderate-, 2 in middle-, and 4 in upper-income CTs. MB closed two branch locations during the review period, both in moderate-income CTs. Branch distribution, deposit products, and services are consistent with the institution overall.

Activity	#	\$ (000's)
Home Mortgage Loans	212	112,080
Small Business Loans	1,156	121,320
Consumer	318	7,202
Community Development Loans	10	9,361
Investments (New)	0	0
Investments (Prior Period)	2	2,199
Donations	47	567
CD Services	148 hours	

Source: Bank Data

Bakersfield

The institution operates five full-service branches in the AA; two in moderate-, one in middle-, and two in upper-income CTs. Branch locations did not change during the review period. Branch distribution, deposit products, and services are consistent with the institution overall.

Activity	#	\$ (000's)
Home Mortgage Loans	58	26,203
Small Business Loans	810	136,738
Consumer	1,596	34,578
Community Development Loans	11	14,016
Investments (New)	1	1,713
Investments (Prior Period)	0	0
Donations	6	20
CD Services		4

Source: Bank Data

Chico

The institution operates four full-service branches in the AA; one in moderate-, two in middle-, and one in upper-income CTs. MB closed one branch located in a middle-income CT during the evaluation period. Branch distribution, deposit products, and services are consistent with the institution overall.

Activity	#	\$ (000's)
Home Mortgage Loans	79	71,684
Small Business Loans	369	28,579
Consumer	227	4,376
Community Development Loans	5	7,760
Investments (New)	0	0
Investments (Prior Period)	1	171
Donations	11	24
CD Services		8

Source: Bank Data

El Centro

The institution operates three full-service branches in the AA; two in moderate-, and one in upper-income CTs. MB closed two branch locations during the evaluation period; both in upper-income CTs. Branch distribution, deposit products, and services are consistent with the institution overall.

Activity	#	\$ (000's)
Home Mortgage Loans	72	25,880
Small Business Loans	495	57,829
Consumer	334	6,736
Community Development Loans	4	2,027
Investments (New)	0	0
Investments (Prior Period)	3	2,224
Donations	1	8
CD Services		194

Source: Bank Data

Fresno

The institution operates three full-service branches in the AA; one in moderate-, one in middle-, and one in upper-income CTs. Branch locations did not change during the review period. Branch distribution, deposit products, and services are consistent with the institution overall.

Activity	#	\$ (000's)
Home Mortgage Loans	33	12,972
Small Business Loans	341	55,617
Consumer	2,991	62,184
Community Development Loans	3	16,326
Investments (New)	4	24,398
Investments (Prior Period)	3	2,012
Donations	3	11
CD Services		13

Source: Bank Data

Redding

The institution operates one full-service located in a middle-income CT in the AA. Branch locations did not change during the review period. Branch distribution, deposit products, and services are consistent with the institution overall.

Activity	#	\$ (000's)
Home Mortgage Loans	10	5,591
Small Business Loans	40	7,326
Consumer	160	3,303
Community Development Loans	0	0
Investments (New)	1	2,110
Investments (Prior Period)	5	1,577
Donations	8	40
CD Services		19

Source: Bank Data

Salinas

The institution operates nine full-service branches in the AA; one in low-, five in moderate-, one in middle-, and two in upper-income CTs. Branch locations did not change during the review period. Branch distribution, deposit products, and services are consistent with the institution overall.

Activity	#	\$ (000's)
Home Mortgage Loans	228	145,556
Small Business Loans	881	110,406
Consumer	1,348	30,610
Community Development Loans	20	32,642
Investments (New)	0	0
Investments (Prior Period)	1	3,567
Donations	12	48
CD Services		0

Source: Bank Data

Visalia

The institution operates three full-service branches in the AA; one in moderate-, one in middle-, and one in upper-income CTs. One branch location closed in a moderate-income CT during the evaluation period. Branch distribution, deposit products, and services are consistent with the institution overall.

Activity	#	\$ (000's)
Home Mortgage Loans	34	12,475
Small Business Loans	455	66,689
Consumer	1,258	25,905
Community Development Loans	1	1,258
Investments (New)	0	0
Investments (Prior Period)	0	0
Donations	6	11
CD Services		16

Source: Bank Data

Non-MSAs

The institution operates eight full-service branches in the AA; one in low-, three in moderate-, three in middle-, and one in upper-income CTs. MB closed two branch locations during the evaluation period, one in moderate-, and one in middle-income CTs. Branch distribution, deposit products, and services are consistent with the institution overall.

Activity	#	\$ (000's)
Home Mortgage Loans	100	22,562
Small Business Loans	471	39,848
Consumer	329	6,538
Community Development Loans	3	3,914
Investments (New)	2	7,441
Investments (Prior Period)	3	425
Donations	25	33
CD Services		164

Source: Bank Data

OREGON

CRA RATING FOR OREGON: NEEDS TO IMPROVE

The Lending Test is rated: Needs to Improve

The Investment Test is rated: Needs to Improve

The Service Test is rated: Needs to Improve

DESCRIPTION OF INSTITUTION’S OPERATIONS IN OREGON

The Medford AA is located in the southernmost part of the state and consists solely of Jackson County.

Economic and Demographic Data

According to the 2015 ACS data, the Medford AA contains a total of 41 CTs comprised of 1 low-, 8 moderate-, 23 middle-, and 9 upper -income CTs. The following table shows select demographic, housing, and business data for the AA.

Demographic Information of the Assessment Area						
Assessment Area: Oregon						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	41	2.4	19.5	56.1	22.0	0.0
Population by Geography	208,363	1.0	16.6	57.2	25.2	0.0
Housing Units by Geography	91,782	1.0	17.1	56.6	25.4	0.0
Owner-Occupied Units by Geography	51,746	0.2	12.2	59.0	28.6	0.0
Occupied Rental Units by Geography	31,741	2.3	23.8	53.7	20.2	0.0
Vacant Units by Geography	8,295	0.9	21.5	52.5	25.1	0.0
Businesses by Geography	23,923	5.6	15.0	54.2	25.2	0.0
Farms by Geography	1,181	1.7	10.8	67.0	20.6	0.0
Family Distribution by Income Level	53,375	21.2	18.2	19.6	41.1	0.0
Household Distribution by Income Level	83,487	23.9	16.2	17.7	42.2	0.0
Median Family Income MSA - 32780 Medford, OR MSA		\$53,441	Median Housing Value			\$224,271
			Median Gross Rent			\$906
			Families Below Poverty Level			13.6%
<small>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.</small>						

The BLS provides data on changes in unemployment rates. Unemployment rates in Oregon and the U.S. significantly increased from 2019 to 2020, with the state unemployment rate the same or lower than the national average. In 2020, the AA, state, and nation experienced significant increases in unemployment rates due to the onset of the COVID-19 pandemic.

The following table illustrates the unemployment rates for the AA by MSA, Oregon, and nationwide for 2019 and 2020.

Unemployment Rates		
Area	2019	2020
	%	%
Medford AA	4.3	7.8
State of Oregon	3.7	7.6
National Average	3.7	8.1

Examiners obtained the following economic information from Moody's Analytics as of April 2020:

Oregon MSA

The Medford MSA is heavily dependent on tourism, entertainment, wine making and retirees. All of which experienced negative economic consequences as a result of the pandemic. Prior to the pandemic, job growth was not keeping pace with the state, let alone the U.S. Despite progress made in construction, education and healthcare sectors, falling employment in leisure/hospitality, manufacturing, and professional business services was holding back job market growth. The top five employers are Asante Health System, Lithia Motors, Harry & David Operations Corp., Rogue Valley Medical Center, and Allegiant Air.

Competition

According to the June 2020 FDIC Summary of Deposits data, only 13 financial institutions operate in the Medford AA. The AA's total deposit market is \$4.3 billion. The 4 largest institutions hold \$2.8 billion in deposits, representing 64.3 percent of the AA's deposit market share. MB is the 11th largest institution by deposit market share in the AA holding 0.2 percent of total market deposits. The bank operates 1 branch and holds \$7.8 million in deposits within the AA.

Community Contact(s)

Examiners used one existing community contact in the Medford AA. The contact is a non-profit organization that indicated the primary credit need in the area is revitalization due to the wildfires decimating businesses and homes that impacted an already existing housing shortage.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contact, bank management, and demographic and economic data, the greatest need is financing projects to address the housing shortage. Another credit need is small business lending.

SCOPE OF EVALUATION – OREGON

The rating for the State of Oregon is based on a full-scope evaluation of the bank's performance in the Medford AA. Refer to the institution-wide Scope of Evaluation section for more information including types of activities evaluated and data sources.

CONCLUSIONS ON PERFORMANCE CRITERIA IN OREGON

LENDING TEST

Lending levels within the Medford AA reflects poor responsiveness. The geographic distribution of loans reflects poor penetration. The distribution of borrowers reflects poor penetration. MB has made few, if any, CD loan in the AA.

Lending Activity

Lending levels reflect poor responsiveness to the AA credit needs. MB originated or purchased 11 small business loans totaling \$9.7 million; 4 home mortgage loans totaling \$885,000; 34 consumer loans totaling \$727,000; and no CD loans during this evaluation period.

In 2019, MB ranked 49th out of 69 lenders that reported 5,095 small business loans in the AA, giving the bank a market share of 0.04 percent by number, and 0.15 percent by dollar. In 2020, MB ranked 29th out of 90 lenders that reported 4,869 small business loans in the AA, giving the bank a market share of 0.18 percent by number, and 0.81 percent by dollar.

The number of small business loans originated or purchased by the bank increased over the evaluation period. Market share by number and the bank's overall ranking has improved. The number of total small business loans made in the market increased as well as the total number of lenders. MB ranks comparably with peer institutions across the evaluation period. Small business lending volume increased in 2020 with most loans made under the PPP.

In 2019, MB ranked 230th out of 328 lenders that reported 13,516 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.01 percent by number, and 0.01 percent by dollar. In 2020, MB ranked 248th out of 370 lenders that reported 19,704 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.01 percent by number, and 0.01 percent by dollar.

The number of mortgage loans originated or purchased by the bank was flat over the evaluation period. MB's market share ranking dropped between 2019 and 2020. MB ranks lower than peer institutions, though operates in a market primarily of mortgage companies and large financial institutions.

In 2019, MB originated 19 consumer loans totaling \$355,000. In 2020, MB originated 15 consumer loans totaling \$372,000. Over the review period, MB's total consumer lending by number decreased.

Geographic Distribution

The institution's geographic distribution of loans reflects poor penetration throughout the AA. Poor penetrations under small business, consumer, and home mortgage loans support this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects poor penetration throughout the AA. The bank did not make loans in low-income tracts in 2019 and made only 1 loan in moderate-income tracts in 2019. The level of lending increased to low-income tracts and exceeded the percentage of businesses and aggregate data for 2020; however, in 2020 MB did not make loans in moderate-income tracts. Overall, lending reflects poor performance and was inconsistent during the review period. The increase in the number of loans during 2020 is primarily due to the bank's participation in the PPP.

Consumer Loans

The geographic distribution of consumer loans reflects poor penetration throughout the AA. MB did not originate consumer loans in low-income geographies during the evaluation period; however, the percentage of household data demonstrates limited opportunity to lend. Performance in moderate-income tracts fluctuated across the years of analysis, exceeding the percentage of household data in 2019 and performed below in 2020.

HMDA Loans

The geographic distribution of home mortgage loans reflects poor penetration throughout the AA. MB did not originate home mortgage loans in LMI geographies during the review period. The percentage of owner-occupied housing units data demonstrates limited opportunity to lend in low-income tracts. Considering the consistent limited volume of the institutions lending in the AA, especially home mortgage lending, one loan origination could represent a significant portion of total lending. Considering these factors the bank's performance is still poor.

Borrower Profile

The institution's distribution of borrowers reflects poor penetration among retail customers of different income levels and businesses customers of different revenue sizes. Poor penetrations under small business, consumer, and home mortgage loans support this conclusion.

Small Business Loans

The institution's lending to businesses with gross annual revenues of \$1 million or less trailed demographic data but was in line with aggregate data in 2019. The bank did not make any loans to small businesses in 2020; performance was below its 2019 performance and demographic data.

The number of SBA PPP loans originated by the institution negatively affected performance in 2020. Although they were not required to, the bank did not report gross annual revenues, so examiners were unable to analyze lending to small businesses. Of the nine loans made to small businesses in 2020, eight were made under the PPP. To better understand the impact of PPP lending, examiners attempted to adjust the performance ratio by excluding the PPP loans to neutralize performance. However, MB did not make any loans to small businesses in 2020 during its ordinary course of business. Although there is a moderate level of competition inside the AA, the above-listed Credit Needs and Opportunities section states that small business loans represent a primary credit need and lending opportunity. Overall, the performance is poor.

Consumer Loans

The distribution of borrowers reflects poor penetration to LMI customers in 2020. MB did not lend to low-income borrowers during the evaluation period. While no loans were made to low-income borrowers, 13.6 percent of AA families live below the poverty level, which negatively affect the bank's ability to lend to this segment of the AA market. Lending to moderate-income borrowers trailed demographic data. Overall, lending performance is poor.

HMDA Loans

The distribution of borrowers reflects poor penetration to LMI customers. MB did not make mortgage loans to LMI borrowers during the evaluation period; however, the bank only made two total mortgage loans in the AA both with income unavailable designations.

Community Development Loans

The institution has made few, if any, CD loans. During the evaluation period, the institution did not originate any CD loans in the AA. This level of CD lending demonstrates very poor record of serving the CD needs of the Medford AA.

INVESTMENT TEST

The institution has a poor level of qualified CD investments and grants. MB exhibits poor responsiveness to credit and community development needs of the AA. The institution does not use innovative or complex investments to support CD initiatives.

Investment and Grant Activity

The institution has a poor level of qualified CD investment and grants, and is not in a leadership position, particularly those that are not routinely provided by private investors. MB granted 1 donation totaling \$2,500 in Medford. The bank did not make any CD investments in the AA during the evaluation period. Performance compares poorly to similarly situated institutions.

Listed below is a notable example of a qualified donation made by the bank within this AA:

- MB donated \$2,500 to a community service organization that primarily serves n LMI individuals. The organization provides hospital programs and services in a moderate-income tract.

Responsiveness to Credit and Community Development Needs

The institution exhibits poor responsiveness to credit and community development needs in the AA. The primary identified need in Medford was affordable housing and economic development. The bank's only qualified donation activity supported community service and did not specifically address the identified AA needs.

Community Development Initiatives

The institution does not use innovative or complex investments to support CD initiatives. No investments were made in the AA during the evaluation period.

SERVICE TEST

Delivery systems were accessible to essentially all portions of Medford. To the extent changes have been made, the institution's opening and closing of branches has adversely affected the accessibility of its delivery systems. Services, including business hours, did not vary in a way that inconvenienced portions of the AA. The institution provided few, if any, CD services.

Accessibility of Delivery Systems

Delivery systems were accessible to essentially all portions of the AA. The AA branch distribution and alternative delivery systems are consistent with the overall institution. MB operated one full-service branch in Medford in a middle-income tract; refer to the following table. Performance was below the demographics and distribution of branches that other institutions operate in the area; however, the branch was adjacent to and could readily serve a majority of the LMI CTs in the whole AA.

Branch and ATM Distribution by Geography Income Level- Oregon								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	1	2.4	2,077	1.0	0	0.0	0	0.0
Moderate	8	19.5	34,514	16.6	0	0.0	0	0.0
Middle	23	56.1	119,262	57.2	1	100.0	0	0.0
Upper	9	22.0	52,510	25.2	0	0.0	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Totals	41	100.0	208,363	100.0	1	100.0	0	100.0

Source: 2015 ACS Data; Bank Data

Changes in Branch Locations

To the extent changes have been made, MB’s opening and closing of branches has adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. During 2020, MB closed the only branch location in the AA. This closure is not mitigated by an active MB branch and represents the bank’s exit from Medford. The bank did not open any branch locations in the AA during the evaluation period.

Reasonableness of Business Hours and Services

Services, including business hours, did not vary in a way that inconveniences portions of the AA, particularly LMI geographies and individuals. Products and services offered in the AA are consistent with the institution overall. Branch hours were Monday through Friday from 9:00 a.m. to 5:00 p.m. The branch did not operate drive-up services. The branch location offered ATM services; however, it was not deposit taking. All MB services were available at this location until closure.

Community Development Services

MB provided few, if any CD services in Medford. Employees did not provide CD services in this AA up until the branch closure.

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

Mechanics Bank

Scope of Examination:

Full scope reviews were performed on the following assessment areas within the noted rated areas:

State of California

San Francisco Assessment Area

Los Angeles Assessment Area

San Luis Obispo Assessment Area

Time Period Reviewed:

4/2/2019 to 4/18/2022

Products Reviewed:

Home Mortgage: 1/1/2019 – 12/31/2021

Small Business: 1/1/2019 – 12/31/2021

Consumer: 1/1/2019 – 12/31/2021

Mechanics Bank

Scope of Examination:

Full scope reviews were performed on the following assessment areas within the noted rated areas:

State of Oregon

Oregon Assessment Area

Time Period Reviewed:

4/2/2019 to 12/31/2020

Products Reviewed:

Home Mortgage: 1/1/2020 – 12/31/2020

Small Business: 1/1/2019 – 12/31/2020

Consumer: 1/1/2019 – 12/31/2020

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
California	Low Satisfactory	Outstanding	Low Satisfactory	Satisfactory
Oregon	Needs to Improve	Needs to Improve	Needs to Improve	Needs to Improve

GEOGRAPHIC DISTRIBUTION AND BORROWER PROFILE TABLES – Full-Scope Review

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography <i>(Full-Scope Review)</i>																			2019
	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
Assessment Area:	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
hCALIFORNIA																			
San Francisco	576	83,289	60.6	252,804	8.7	11.3	8.1	19.3	24.1	19.5	33.0	38.4	33.9	38.5	25.9	38.1	0.5	0.3	0.5
Los Angeles	242	52,589	25.5	634,259	4.7	11.2	4.7	19.9	28.1	20.1	27.2	33.9	27.4	46.6	26.0	46.5	1.5	0.8	1.3
San Luis Obispo	130	25,834	13.7	9,384	0.0	0.0	0.0	20.6	17.7	18.6	58.8	61.5	61.7	19.8	20.8	19.4	0.8	0.0	0.3
OREGON																			
Medford	2	250	0.2	4,762	5.4	0.0	4.9	15.2	50.0	11.7	54.3	50.0	56.6	25.1	0.0	26.9	0.0	0.0	0.0
Total	950	161,963	100.0	901,209	5.8	9.7	5.6	19.7	24.3	19.9	29.5	40.4	29.8	43.7	25.2	43.7	1.2	0.4	1.0
Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																			

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography <i>(Full-Scope Review)</i>																			2020
	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
Assessment Area:	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
CALIFORNIA																			
San Francisco	2,617	270,239	57.3	258,633	8.8	7.7	8.8	19.5	26.8	19.7	32.8	35.9	33.2	38.3	29.3	37.9	0.5	0.3	0.4
Los Angeles	1,140	142,845	25.0	664,294	4.8	8.6	4.9	20.1	25.3	20.3	27.1	35.9	27.4	46.5	29.2	46.0	1.6	1.1	1.4
San Luis Obispo	801	72,292	17.5	9,929	0.0	0.0	0.0	20.5	20.0	20.0	58.8	55.1	59.1	20.0	24.8	20.5	0.7	0.1	0.3
OREGON																			
Medford	9	2,331	0.2	4,677	5.6	33.3	6.1	15.0	0.0	13.8	54.2	55.6	55.4	25.2	11.1	24.7	0.0	0.0	0.0
Total	4,567	487,707	100.0	937,533	5.9	6.6	6.0	19.9	25.2	20.1	29.4	39.3	29.5	43.6	28.5	43.4	1.2	0.4	1.1
Source: 2020 D&B Data; 01/01/2020 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																			

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography (Full-Scope Review)																		2021	
	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
Assessment Area:	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
CALIFORNIA																			
San Francisco	1,762	217,451	61.2	--	8.9	9.5	--	19.5	27.0	--	32.8	32.5	--	38.3	30.6	--	0.5	0.4	--
Los Angeles	629	102,511	21.9	--	4.8	8.6	--	20.2	25.3	--	26.9	35.6	--	46.6	28.6	--	1.5	1.9	--
San Luis Obispo	487	47,723	16.9	--	0.0	0.0	--	20.4	18.5	--	58.9	56.5	--	19.8	23.8	--	0.8	1.2	--
Total	2,878	367,685	100.0	--	5.9	7.7	--	20.0	25.2	--	28.9	37.2	--	44.0	29.0	--	1.2	0.9	--
Source: 2021 D&B Data; 01/01/2021 - 12/31/2021 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%																			

Assessment Area Distribution of Consumer Loans by Income Category of the Geography (Full-Scope Review)															2021
	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts			
Assessment Area:	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans		
CALIFORNIA															
San Francisco	9,248	211,029	32.1	8.7	9.1	21.9	26.3	36.2	39.5	32.9	25.0	0.3	0.1		
Los Angeles	19,453	499,025	67.5	6.7	6.1	26.2	29.1	29.1	35.3	37.7	29.3	0.3	0.2		
San Luis Obispo	100	2,364	0.3	0.0	0.0	14.5	12.0	68.2	78.0	16.0	10.0	1.3	0.0		
Total	28,801	712,418	100.0	7.3	7.0	24.7	28.1	31.8	36.8	35.9	27.9	0.3	0.1		
Source: 2015 ACS Census; 01/01/2021 - 12/31/2021 Bank Data. Due to rounding, totals may not equal 100.0%															

Assessment Area Distribution of Consumer Loans by Income Category of the Geography (Full-Scope Review)													2020	
	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
Assessment Area:	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
OREGON														
Oregon	15	372	100.0	1.0	0.0	16.6	6.7	57.0	53.3	25.4	40.0	0.0	0.0	
Source: 2015 ACS Census; 01/01/2020 - 12/31/2020 Bank Data. Due to rounding, totals may not equal 100.0%														

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography (Full-Scope Review)																			2020	
	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
Assessment Area:	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
CALIFORNIA																				
San Francisco	296	298,941	42.7	517,065	3.9	6.1	3.4	17.8	15.9	16.3	37.4	32.4	37.5	40.8	44.9	42.6	0.1	0.7	0.1	
Los Angeles	236	231,541	34.0	1,033,609	2.6	4.7	1.9	18.6	23.7	15.1	30.8	25.0	30.1	47.9	45.8	52.6	0.1	0.8	0.3	
San Luis Obispo	160	75,028	23.1	21,286	0.0	0.0	0.0	9.3	12.5	9.8	71.7	56.9	73.0	18.5	30.6	17.0	0.5	0.0	0.3	
OREGON																				
Medford	2	558	0.3	13,534	0.2	0.0	0.2	12.2	0.0	10.7	59.0	50.0	55.6	28.6	50.0	33.5	0.0	0.0	0.0	
Total	694	606,067	100.0	1,585,494	3.0	4.2	2.4	18.1	17.7	15.4	33.8	35.6	33.3	45.0	41.9	48.7	0.1	0.6	0.2	
Source: 2015 ACS Census; 01/01/2020 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																				

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues (Full-Scope Review)											2019
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
CALIFORNIA											
San Francisco	576	83,289	60.6	252,804	87.2	46.7	51.3	5.1	52.8	7.7	0.5
Los Angeles	242	52,589	25.5	634,259	88.6	43.4	50.4	4.8	55.0	6.6	1.7
San Luis Obispo	130	25,834	13.7	9,384	88.5	43.1	46.7	4.1	56.9	7.5	0.0
OREGON											
Medford	2	250	0.2	4,762	89.2	50.0	50.0	3.5	50.0	7.3	0.0
Total	950	161,963	100.0	901,209	88.2	45.4	50.6	4.9	53.9	6.9	0.7
Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%											

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues (Full-Scope Review)											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
CALIFORNIA											
San Francisco	2,617	270,239	57.3	258,633	87.5	6.7	42.3	4.8	9.3	7.7	84.0
Los Angeles	1,140	142,845	25.0	664,294	89.0	6.8	41.1	4.5	8.8	6.5	84.4
San Luis Obispo	801	72,292	17.5	9,929	88.4	4.6	32.1	4.0	5.6	7.6	89.8
OREGON											
Medford	9	2,331	0.2	4,677	89.6	0.0	43.0	3.5	11.1	6.9	88.9
Total	4,567	487,707	100.0	937,533	88.6	6.4	41.3	4.6	8.5	6.9	85.1
Source: 2020 D&B Data; 01/01/2020 - 12/31/2020 Bank Data; 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%											

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues (Full-Scope Review)											2021	
	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
Assessment Area:	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
CALIFORNIA												
San Francisco	1,762	217,451	61.2	--	88.6	7.3	--	4.2	11.1	7.2	81.6	
Los Angeles	629	102,511	21.9	--	90.3	8.3	--	3.8	12.9	6.0	78.9	
San Luis Obispo	487	47,723	16.9	--	89.1	6.2	--	3.6	8.0	7.3	85.8	
Total	2,878	367,685	100.0	--	89.8	7.3	--	3.9	11.0	6.3	81.7	
Source: 2021 D&B Data; 01/01/2021 - 12/31/2021 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%												

Assessment Area Distribution of Consumer Loans by Income Category of the Borrower (Full-Scope Review)													2021	
	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
Assessment Area:	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
CALIFORNIA														
San Francisco	9,248	211,029	32.1	26.0	21.3	15.1	27.8	16.7	24.3	42.2	26.6	0.0	0.0	
Los Angeles	19,453	499,025	67.5	25.3	7.4	15.6	24.7	16.5	28.5	42.6	39.5	0.0	0.0	
San Luis Obispo	100	2,364	0.3	24.8	14.0	15.9	26.0	16.8	33.0	42.5	27.0	0.0	0.0	
Total	28,801	712,418	100.0	25.5	11.9	15.5	25.7	16.5	27.2	42.5	35.3	0.0	0.0	
Source: 2015 ACS Census; 01/01/2021 - 12/31/2021 Bank Data. Due to rounding, totals may not equal 100.0%														

Assessment Area Distribution of Consumer Loans by Income Category of the Borrower (Full-Scope Review)													2020	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
OREGON														
Oregon	15	372	100.0	23.9	0.0	16.2	13.3	17.7	26.7	42.2	60.0	0.0	0.0	
Total	15	372	100.0	23.9	0.0	16.2	13.3	17.7	26.7	42.2	60.0	0.0	0.0	

Source: 2015 ACS Census; 01/01/2020 - 12/31/2020 Bank Data.
Due to rounding, totals may not equal 100.0%

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower (Full-Scope Review)																		2020	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
CALIFORNIA																			
San Francisco	296	298,941	42.7	517,065	24.1	--	3.6	16.3	2.4	12.0	18.3	5.1	21.9	41.3	25.0	51.6	0.0	67.6	10.9
Los Angeles	236	231,541	34.0	1,033,609	23.9	0.4	2.5	16.5	4.7	8.1	17.6	6.4	18.1	42.0	19.9	53.3	0.0	68.6	18.0
San Luis Obispo	160	75,028	23.1	21,286	21.0	1.9	3.1	18.2	4.4	12.5	20.2	11.9	23.8	40.6	56.3	47.3	0.0	25.6	13.3
OREGON																			
Medford	2	558	0.3	13,534	21.2	--	2.6	18.2	--	13.0	19.6	--	21.8	41.1	--	45.5	0.0	100.0	17.1
Total	694	606,067	100.0	1,585,494	23.9	0.6	2.8	16.4	3.6	9.5	17.9	7.1	19.5	41.8	30.4	52.6	0.0	58.4	15.7

Source: 2015 ACS Census; 01/01/2020 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS

San Diego AA

The San Diego AA is in Southern California and consists entirely of San Diego-Chula Vista-Carlsbad MSA #41740. There were no changes to the AA since the previous evaluation. The AA consists of 61 low-, 142 moderate-, 204 middle-, 214 upper -income CTs, and 7 CTs with no income designation.

Demographic Information of the Assessment Area						
Assessment Area: San Diego						
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	345,784	5.6	14.7	34.7	44.9	0.1
Farms by Geography	6,598	4.1	17.2	37.6	41.1	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%
<i>Source: 2015 ACS and 2021 D&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>						

The June 30, 2021, Deposit Market Share Report shows that MB ranked 48th out of 48 FDIC-insured institutions competing within the AA, with a 0.0 percent of the deposit market share. According to the same data, the bank operates 1 of the 520 branches serving the AA.

In 2019, MB ranked 242nd out of 731 lenders who reported 132,961 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.02 percent by number and 0.08 percent by dollar. In 2020, MB ranked 236th out of 805 lenders that reported 232,056 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.02 percent by number, and 0.1 percent by dollar.

In 2019, MB ranked 69th out of 161 lenders who reported 106,371 originated or purchased small business loans in the AA, giving MB a market share of 0.02 percent by number and 0.2 percent by dollar. In 2020, MB ranked 65th out of 260 lenders who reported 108,755 originated or purchased small business loans in the AA, giving MB a market share of 0.06 percent by number and 0.3 percent by dollar.

Sacramento AA

The Sacramento AA is in Northern California and is comprised of Sacramento, El Dorado, Placer, Sutter, and Yuba Counties. The AA consists of portions of the Sacramento- Roseville CSA #472. The AA includes portions of the Sacramento-Roseville-Folsom MSA #40900 and Yuba City MSA #49700. Yolo County and the Truckee Grass Valley Micropolitan Statistical Area #46020 are excluded. The AA consists of 46 low-, 116 moderate-, 163 middle-, 152 upper -income CTs, and 3 CTs with no income designation.

Demographic Information of the Assessment Area						
Assessment Area: Sacramento						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	480	9.6	24.2	34.0	31.7	0.6
Population by Geography	2,182,889	9.2	23.6	34.3	32.9	0.1
Housing Units by Geography	867,306	9.0	23.0	35.9	31.9	0.2
Owner-Occupied Units by Geography	467,890	4.6	18.1	35.7	41.6	0.0
Occupied Rental Units by Geography	314,304	14.9	30.4	35.2	19.1	0.4
Vacant Units by Geography	85,112	11.7	22.6	39.1	26.1	0.5
Businesses by Geography	199,961	8.8	22.8	30.6	36.1	1.8
Farms by Geography	5,277	4.9	17.1	34.3	43.2	0.5
Family Distribution by Income Level	527,021	23.7	16.2	18.6	41.5	0.0
Household Distribution by Income Level	782,194	25.0	15.6	17.2	42.2	0.0
Median Family Income MSA - 40900 Sacramento-Roseville-Folsom, CA MSA		\$71,829	Median Housing Value			\$279,530
Median Family Income MSA - 49700 Yuba City, CA MSA		\$54,931	Median Gross Rent			\$1,088
			Families Below Poverty Level			11.9%
<i>Source: 2015 ACS and 2021 D&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>						

The June 30, 2021, Deposit Market Share Report shows that MB ranked 14th out of 38 FDIC-insured institutions competing within the AA, with a 0.9 percent of the deposit market share. According to the same data, the bank operates 3 of the 332 branches serving the AA.

In 2019, MB ranked 173rd out of 674 lenders who reported 115,464 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.05 percent by number and 0.1 percent by dollar. In 2020, MB ranked 278th out of 725 lenders who reported 181,462 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.02 percent by number and 0.02 percent by dollar.

In 2019, MB ranked 45th out of 147 lenders who reported 57,809 originated or purchased small business loans in the AA, giving MB a market share of 0.1 percent by number and 0.7 percent by dollar. In 2020, MB ranked 26th out of 200 lenders who reported 60,484 originated or purchased small business loans in the AA, giving MB a market share of 0.5 percent by number and 1.1 percent by dollar.

Santa Barbara AA

The Santa Barbara AA is located on the Southern California Coastline and consists entirely of Santa Maria-Santa Barbara MSA #42220. The Santa Barbara AA was added with the RNA 2019 merger. The AA consists of 8 low-, 23 moderate-, 23 middle-, 32 upper -income CTs, and 4 CTs with no income designation.

Demographic Information of the Assessment Area						
Assessment Area: Santa Barbara						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	90	8.9	25.6	25.6	35.6	4.4
Population by Geography	435,850	12.2	25.8	29.3	32.0	0.7
Housing Units by Geography	154,135	9.4	23.8	28.7	38.1	0.0
Owner-Occupied Units by Geography	74,083	3.1	15.6	34.1	47.2	0.0
Occupied Rental Units by Geography	68,630	16.6	32.6	24.1	26.7	0.1
Vacant Units by Geography	11,422	7.0	23.5	22.0	47.1	0.3
Businesses by Geography	41,757	5.1	28.9	25.0	40.5	0.5
Farms by Geography	1,651	4.2	18.1	25.0	52.4	0.3
Family Distribution by Income Level	93,473	23.4	16.8	18.2	41.6	0.0
Household Distribution by Income Level	142,713	25.2	15.7	16.9	42.2	0.0
Median Family Income MSA - 42200 Santa Maria-Santa Barbara, CA MSA		\$74,824	Median Housing Value			\$560,373
			Median Gross Rent			\$1,425
			Families Below Poverty Level			10.0%
<i>Source: 2015 ACS and 2021 D&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>						

The June 30, 2021, Deposit Market Share Report shows that MB ranked 6th out of 20 FDIC-insured institutions competing within the AA, with a 7.4 percent of the deposit market share. According to the same data, the bank operates 12 of the 90 branches serving the AA.

In 2019, MB ranked 41st out of 425 lenders who reported 13,083 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.5 percent by number and 0.4 percent by dollar. In 2020, MB ranked 60th out of 505 lenders that reported 21,950 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.3 percent by number, and 0.4 percent by dollar.

In 2019, MB ranked 15th out of 102 lenders who reported 11,803 originated or purchased small business loans in the AA, giving MB a market share of 0.9 percent by number and 3.8 percent by dollar. In 2020, MB ranked 7th out of 143 lenders who reported 13,594 originated or purchased small business loans in the AA, giving MB a market share of 4.9 percent by number and 8.4 percent by dollar.

Bakersfield AA

The Bakersfield AA is in Central California and consists of the entirety of the Bakersfield-Delano MSA #12540. The Bakersfield AA was added with the RNA 2019 merger. The AA consists of 14 low-, 40 moderate-, 44 middle-, 48 upper-income CTs, and 5 CTs with no income designation.

Demographic Information of the Assessment Area						
Assessment Area: Bakersfield						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	151	9.3	26.5	29.1	31.8	3.3
Population by Geography	865,736	9.7	23.3	31.8	33.0	2.3
Housing Units by Geography	289,529	9.9	21.6	32.9	35.5	0.1
Owner-Occupied Units by Geography	147,125	5.6	15.8	32.3	46.2	0.1
Occupied Rental Units by Geography	112,575	14.8	29.3	31.9	23.9	0.1
Vacant Units by Geography	29,829	13.1	21.4	39.3	26.1	0.1
Businesses by Geography	54,023	5.4	19.7	26.7	47.4	0.8
Farms by Geography	2,048	4.2	20.1	33.0	40.9	2.0
Family Distribution by Income Level	196,097	24.8	16.4	16.1	42.7	0.0
Household Distribution by Income Level	259,700	25.5	16.2	15.8	42.6	0.0
Median Family Income MSA - 12540 Bakersfield, CA MSA		\$52,649	Median Housing Value			\$160,795
			Median Gross Rent			\$927
			Families Below Poverty Level			19.4%
<i>Source: 2015 ACS and 2021 D&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>						

The June 30, 2021, Deposit Market Share Report shows that MB ranked 8th out of 18 FDIC-insured institutions competing within the AA, with a 3.7 percent of the deposit market share. According to the same data, the bank operates 5 of the 82 branches serving the AA.

In 2019, MB ranked 160th out of 507 lenders who reported 27,175 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.05 percent by number and 0.1 percent by dollar. In 2020, MB ranked 180th out of 540 lenders who reported 40,380 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.04 percent by number and 0.06 percent by dollar.

In 2019, MB ranked 17th out of 99 lenders who reported 15,490 originated or purchased small business loans in the AA, giving MB a market share of 0.7 percent by number and 4.7 percent by dollar. In 2020, MB ranked 8th out of 132 lenders who reported 16,379 originated or purchased small business loans in the AA, giving MB a market share of 2.8 percent by number and 8.4 percent by dollar.

Chico AA

The Chico AA is in Northern California and consists entirely of Chico MSA #17020. The Chico AA was added with the RNA 2019 merger. The AA consists of 2 low-, 14 moderate-, 24 middle-, and 11 upper -income CTs.

Demographic Information of the Assessment Area						
Assessment Area: Chico						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	51	3.9	27.5	47.1	21.6	0.0
Population by Geography	222,564	3.9	26.2	46.6	23.3	0.0
Housing Units by Geography	97,133	3.9	25.0	48.1	23.0	0.0
Owner-Occupied Units by Geography	50,031	0.9	20.3	51.6	27.2	0.0
Occupied Rental Units by Geography	35,287	7.5	29.4	44.2	18.8	0.0
Vacant Units by Geography	11,815	5.6	32.1	44.5	17.8	0.0
Businesses by Geography	16,077	1.5	27.4	43.6	27.4	0.0
Farms by Geography	1,082	0.8	17.9	40.3	40.9	0.0
Family Distribution by Income Level	50,963	22.9	16.7	19.0	41.4	0.0
Household Distribution by Income Level	85,318	25.8	15.4	16.0	42.8	0.0
Median Family Income MSA - 17020 Chico, CA MSA		\$56,914	Median Housing Value			\$225,491
			Median Gross Rent			\$921
			Families Below Poverty Level			13.1%
<i>Source: 2015 ACS and 2021 D&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>						

The June 30, 2021, Deposit Market Share Report shows that MB ranked 5th out of 12 FDIC-insured institutions competing within the AA, with a 7.5 percent of the deposit market share. According to the same data, the bank operates 4 out of 38 branches in the AA.

In 2019, MB ranked 48th out of 319 lenders who reported 7,788 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.4 percent by number and 0.4 percent by dollar. In 2020, MB ranked 47th out of 412 lenders who reported 10,962 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.3 percent by number and 0.4 percent by dollar.

In 2019, MB ranked 12th out of 59 lenders who reported 4,543 originated or purchased small business loans in the AA, giving MB a market share of 0.8 percent by number and 3.3 percent by dollar. In 2020, MB ranked 8th out of 83 lenders who reported 4,306 originated or purchased small business loans in the AA, giving MB a market share of 5.2 percent by number and 7.2 percent by dollar.

El Centro AA

The El Centro AA is in Southeastern California and consists entirely of El Centro MSA #20940. The El Centro AA was added with the RNA 2019 merger. The AA consists of 13 moderate-, 8 middle-, 9 upper-income CTs, and 1 CT with no income designation. There are no low-income CTs within the AA.

Demographic Information of the Assessment Area						
Assessment Area: El Centro						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	31	0.0	41.9	25.8	29.0	3.2
Population by Geography	178,206	0.0	41.5	26.4	29.7	2.5
Housing Units by Geography	56,709	0.0	43.3	26.5	30.0	0.2
Owner-Occupied Units by Geography	25,777	0.0	33.5	25.5	40.8	0.1
Occupied Rental Units by Geography	20,675	0.0	55.9	24.0	20.0	0.2
Vacant Units by Geography	10,257	0.0	42.5	34.1	23.0	0.4
Businesses by Geography	7,374	0.0	40.0	27.7	32.0	0.2
Farms by Geography	441	0.0	23.6	26.5	49.2	0.7
Family Distribution by Income Level	35,874	24.1	17.0	15.7	43.2	0.0
Household Distribution by Income Level	46,452	26.9	15.3	14.7	43.1	0.0
Median Family Income MSA - 20940 El Centro, CA MSA		\$45,815	Median Housing Value			\$136,033
			Median Gross Rent			\$796
			Families Below Poverty Level			21.1%
<i>Source: 2015 ACS and 2021 D&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>						

The June 30, 2021 Deposit Market Share Report shows that MB ranked 2nd out of 7 FDIC-insured institutions competing within the AA, with a 23.8 percent of the deposit market share. According to the same data, the bank operates 3 of the 12 branches serving the AA.

In 2019, MB ranked 27th out of 206 lenders who reported 4,054 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.7 percent by number and 1.6 percent by dollar. In 2020, MB ranked 60th out of 246 lenders that reported 5,634 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.3 percent by number, and 0.2 percent by dollar.

In 2019, MB ranked 11th out of 65 lenders who reported 2,350 originated or purchased small business loans in the AA, giving MB a market share of 2.1 percent by number and 12.1 percent by dollar. In 2020, MB ranked 3rd out of 82 lenders who reported 3,044 originated or purchased small business loans in the AA, giving MB a market share of 9.9 percent by number and 24.8 percent by dollar.

Fresno AA

The Fresno AA is in Central California and consists of a portion of Fresno CSA #260, which includes Fresno MSA #23420 and Hanford-Corcoran MSA #25260. The AA excludes Madera MSA #31460. The AA was added with the RNA 2019 merger. The AA consists of 19 low-, 75 moderate-, 51 middle-, 77 upper-income CTs, and 4 CTs with no income designation.

Demographic Information of the Assessment Area						
Assessment Area: Fresno						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	226	8.4	33.2	22.6	34.1	1.8
Population by Geography	1,107,747	7.8	32.6	23.6	33.9	2.1
Housing Units by Geography	366,583	7.0	31.3	23.5	38.0	0.2
Owner-Occupied Units by Geography	177,837	3.0	23.2	22.8	51.0	0.0
Occupied Rental Units by Geography	160,022	11.3	40.2	24.9	23.3	0.3
Vacant Units by Geography	28,724	8.8	31.5	19.2	40.2	0.3
Businesses by Geography	68,964	5.9	26.9	21.5	44.5	1.2
Farms by Geography	4,144	3.7	26.1	28.3	41.8	0.1
Family Distribution by Income Level	247,969	25.0	16.1	16.5	42.5	0.0
Household Distribution by Income Level	337,859	25.0	16.2	16.1	42.8	0.0
Median Family Income MSA - 23420 Fresno, CA MSA		\$49,999	Median Housing Value			\$184,310
Median Family Income MSA - 25260 Hanford-Corcoran, CA MSA		\$49,735	Median Gross Rent			\$916
			Families Below Poverty Level			21.5%
<i>Source: 2015 ACS and 2021 D&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>						

The June 30, 2021, Deposit Market Share Report shows that MB ranked 14th out of 23 FDIC-insured institutions competing within the AA, with a 1.6 percent of the deposit market share. According to the same data, the bank operates 3 of the 133 branches serving the AA.

In 2019, MB ranked 164th out of 508 lenders who reported 32,204 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.04 percent by number and 0.06 percent by dollar. In 2020, MB ranked 264th out of 540 lenders that reported 49,860 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.01 percent by number, and 0.03 percent by dollar.

In 2019, MB ranked 47th out of 111 lenders who reported 20,254 originated or purchased small business loans in the AA, giving MB a market share of 0.2 percent by number and 1.0 percent by dollar. In 2020, MB ranked 25th out of 154 lenders who reported 24,750 originated or purchased small business loans in the AA, giving MB a market share of 0.9 percent by number and 2.3 percent by dollar.

Redding AA

The Redding AA is in Northern California and consists entirely of Redding MSA #39820. The Redding AA was added with RNA 2019 merger. The AA consists of 9 moderate-, 26 middle-, and 13 upper-income CTs. There are no low-income CTs within the AA.

Demographic Information of the Assessment Area						
Assessment Area: Redding						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	48	0.0	18.8	54.2	27.1	0.0
Population by Geography	178,942	0.0	18.9	57.4	23.6	0.0
Housing Units by Geography	77,790	0.0	19.4	58.4	22.1	0.0
Owner-Occupied Units by Geography	43,331	0.0	14.3	57.3	28.4	0.0
Occupied Rental Units by Geography	26,044	0.0	27.7	58.1	14.2	0.0
Vacant Units by Geography	8,415	0.0	20.6	65.1	14.4	0.0
Businesses by Geography	16,997	0.0	18.0	63.3	18.8	0.0
Farms by Geography	628	0.0	15.3	66.1	18.6	0.0
Family Distribution by Income Level	44,950	21.2	18.0	19.8	41.0	0.0
Household Distribution by Income Level	69,375	24.2	16.1	17.4	42.4	0.0
Median Family Income MSA - 39820 Redding, CA MSA		\$55,749	Median Housing Value			\$212,145
			Median Gross Rent			\$940
			Families Below Poverty Level			11.1%
<i>Source: 2015 ACS and 2021 D&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>						

The June 30, 2021, Deposit Market Share Report shows that MB ranked 13th out of 14 FDIC-insured institutions competing within the AA, with a 0.8 percent of the deposit market share. According to the same data, the bank operates 1 of the 34 branches serving the AA.

In 2019, MB ranked 221st out of 297 lenders who reported 7,261 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.01 percent by number and 0.01 percent by dollar. In 2020, MB ranked 177th out of 341 lenders that reported 11,022 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.02 percent by number, and 0.1 percent by dollar.

In 2019, MB ranked 27th out of 73 lenders who reported 3,940 originated or purchased small business loans in the AA, giving MB a market share of 0.2 percent by number and 2.5 percent by dollar. In 2020, MB ranked 22nd out of 82 lenders who reported 3,998 originated or purchased small business loans in the AA, giving MB a market share of 0.6 percent by number and 1.1 percent by dollar.

Salinas AA

The Salinas AA is located on the Central Coast of California and consists entirely of Salinas MSA #41500. The Salinas AA was added with the RNA 2019 merger. The AA consists of 3 low-, 21 moderate-, 31 middle-, 35 upper-income CTs, and 4 CTs with no income designation

Demographic Information of the Assessment Area						
Assessment Area: Salinas						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	94	3.2	22.3	33.0	37.2	4.3
Population by Geography	428,441	3.1	26.0	36.0	32.1	2.8
Housing Units by Geography	139,794	2.4	20.5	33.8	43.3	0.0
Owner-Occupied Units by Geography	61,747	0.6	15.3	33.9	50.2	0.0
Occupied Rental Units by Geography	63,655	4.4	27.8	36.4	31.3	0.0
Vacant Units by Geography	14,392	1.5	10.5	21.4	66.7	0.0
Businesses by Geography	30,433	3.7	13.3	31.7	50.7	0.5
Farms by Geography	1,393	1.8	16.4	41.3	40.1	0.4
Family Distribution by Income Level	90,914	21.6	17.9	18.7	41.9	0.0
Household Distribution by Income Level	125,402	22.5	17.0	18.8	41.7	0.0
Median Family Income MSA - 41500 Salinas, CA MSA		\$62,441	Median Housing Value			\$436,431
			Median Gross Rent			\$1,312
			Families Below Poverty Level			13.0%
<i>Source: 2015 ACS and 2021 D&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>						

The June 30, 2021, Deposit Market Share Report shows that MB ranked 4th out of 14 FDIC-insured institutions competing within the AA, with an 11.7 percent of the deposit market share. According to the same data, the bank operates 9 of the 74 branches serving the AA.

In 2019, MB ranked 38th out of 410 lenders who reported 11,631 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.5 percent by number and 0.5 percent by dollar. In 2020, MB ranked 50th out of 464 lenders that reported 17,988 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.4 percent by number, and 0.5 percent by dollar.

In 2019, MB ranked 13th out of 86 lenders who reported 8,186 originated or purchased small business loans in the AA, giving MB a market share of 1.3 percent by number and 8.2 percent by dollar. In 2020, MB ranked 5th out of 125 lenders who reported 8,684 originated or purchased small business loans in the AA, giving MB a market share of 5.6 percent by number and 14.0 percent by dollar.

Visalia AA

The Visalia AA is in Southern Central Valley of California and consists entirely of Visalia-Porterville MSA #47300. The Visalia AA was added with the RNA 2019 merger. The AA consists of 2 low-, 26 moderate-, 26 middle-, 23 upper-income CTs, and 1 CT with no income designation.

Demographic Information of the Assessment Area						
Assessment Area: Visalia						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	78	2.6	33.3	33.3	29.5	1.3
Population by Geography	454,033	2.4	33.6	31.9	31.9	0.1
Housing Units by Geography	144,792	2.0	30.3	31.5	36.2	0.0
Owner-Occupied Units by Geography	75,685	1.3	23.6	31.8	43.3	0.0
Occupied Rental Units by Geography	57,885	3.0	40.0	31.5	25.5	0.0
Vacant Units by Geography	11,222	1.5	25.8	29.4	43.4	0.0
Businesses by Geography	21,315	1.0	28.3	29.2	41.5	0.0
Farms by Geography	2,066	0.9	36.0	27.0	36.1	0.0
Family Distribution by Income Level	104,130	23.3	17.6	16.8	42.3	0.0
Household Distribution by Income Level	133,570	24.0	16.5	17.1	42.4	0.0
Median Family Income MSA - 47300 Visalia, CA MSA		\$44,814	Median Housing Value			\$163,692
			Median Gross Rent			\$853
			Families Below Poverty Level			23.2%
<i>Source: 2015 ACS and 2021 D&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>						

The June 30, 2021, Deposit Market Share Report shows that MB ranked 9th out of 13 FDIC-insured institutions competing within the AA, with a 3.8 percent of the deposit market share. According to the same data, the bank operates 3 of the 50 branches serving the AA.

In 2019, MB ranked 79th out of 361 lenders who reported 13,956 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.2 percent by number and 0.3 percent by dollar. In 2020, MB ranked 211th out of 418 lenders who reported 19,751 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.02 percent by number and 0.05 percent by dollar.

In 2019, MB ranked 22nd out of 81 lenders who reported 7,022 originated or purchased small business loans in the AA, giving MB a market share of 0.7 percent by number and 3.7 percent by dollar. In 2020, MB ranked 10th out of 110 lenders who reported 8,059 originated or purchased small business loans in the AA, giving MB a market share of 3.6 percent by number and 8.9 percent by dollar.

Non-MSA AA

The Non-MSA AA is in Northern California and consists of the Calaveras, Siskiyou, Tehama, and Tuolumne Counties. These Non-MSA counties were added with the RNA 2019 merger. The AA consists of 1 low-, 12 moderate-, 25 middle-, 6 upper-income CTs, and 2 CTs with no income designation.

Demographic Information of the Assessment Area						
Assessment Area: Non MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	46	2.2	26.1	54.3	13.0	4.3
Population by Geography	205,893	2.0	21.8	58.3	16.4	1.5
Housing Units by Geography	110,614	2.0	18.9	59.6	17.3	2.2
Owner-Occupied Units by Geography	57,602	1.5	17.1	62.0	19.1	0.3
Occupied Rental Units by Geography	25,428	4.0	30.1	54.5	11.2	0.2
Vacant Units by Geography	27,584	0.9	12.5	59.5	19.3	7.8
Businesses by Geography	15,007	3.4	21.7	55.0	19.3	0.5
Farms by Geography	1,083	1.8	27.4	58.9	11.7	0.2
Family Distribution by Income Level	54,950	23.1	17.8	19.6	39.5	0.0
Household Distribution by Income Level	83,030	24.6	17.0	17.1	41.3	0.0
Median Family Income Non-MSAs - CA		\$56,948	Median Housing Value			\$221,737
			Median Gross Rent			\$888
			Families Below Poverty Level			12.2%
<i>Source: 2015 ACS and 2021 D&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>						

The June 30, 2021, Deposit Market Share Report shows that MB ranked 3rd out of 16 FDIC-insured institutions competing within the AA, with an 11.5 percent of the deposit market share. According to the same data, the bank operates 9 of the 54 branches serving the AA.

In 2019, MB ranked 48th out of 368 lenders who reported 8,225 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.4 percent by number and 0.4 percent by dollar. In 2020, MB ranked 64th out of 396 lenders that reported 12,617 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.3 percent by number, and 0.3 percent by dollar.

In 2019, MB ranked 11th out of 76 lenders who reported 4,180 originated or purchased small business loans in the AA, giving MB a market share of 1.7 percent by number and 7.1 percent by dollar. In 2020, MB ranked 5th out of 91 lenders who reported 4,220 originated or purchased small business loans in the AA, giving MB a market share of 6.1 percent by number and 10.8 percent by dollar.

GEOGRAPHIC DISTRIBUTION AND BORROWER PROFILE TABLES – Limited-Scope Review

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography <i>(Limited-Scope Review)</i>																			2019
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
CALIFORNIA																			
San Diego	19	7,338	2.9	105,095	5.5	0.0	4.9	14.9	0.0	14.1	34.9	36.8	34.5	44.5	63.2	46.4	0.2	0.0	0.1
Sacramento	75	11,519	11.5	56,786	8.7	6.7	7.4	20.9	24.0	19.7	31.6	22.7	30.5	37.0	45.3	41.5	1.9	1.3	1.0
Santa Barbara	109	13,738	16.6	11,514	5.2	5.5	4.1	29.0	33.0	30.1	25.3	39.5	25.5	40.1	22.0	39.8	0.5	0.0	0.5
Bakersfield	104	22,647	15.9	15,184	5.7	4.8	4.5	19.9	22.1	17.5	27.5	16.3	24.6	46.1	53.8	52.7	0.7	2.9	0.7
Chico	34	4,077	5.2	4,438	1.4	0.0	1.4	27.0	41.2	23.1	44.9	17.6	40.7	26.7	41.2	34.8	0.0	0.0	0.0
El Centro	50	8,942	7.6	2,275	0.0	0.0	0.0	42.0	42.0	34.4	26.9	34.0	31.9	30.9	24.0	33.6	0.3	0.0	0.1
Fresno	32	7,672	4.9	19,951	6.1	3.1	4.5	27.8	56.3	23.7	21.2	9.4	22.8	43.7	28.1	48.1	1.2	3.1	0.9
Redding	9	3,232	1.4	3,838	0.0	0.0	0.0	20.0	0.0	16.3	59.9	77.8	61.2	20.1	22.2	22.5	0.0	0.0	0.0
Salinas	106	18,913	16.2	7,767	3.8	10.4	3.0	13.0	18.9	12.9	31.2	39.6	32.7	51.3	30.2	51.0	0.6	0.9	0.4
Visalia	48	8,745	7.3	6,846	1.1	0.0	0.9	28.9	31.3	26.9	28.7	18.8	29.8	41.3	50.0	42.3	0.0	0.0	0.0
Non MSAs	69	7,800	10.5	3,927	3.6	8.7	3.2	21.7	20.3	18.6	55.4	56.5	55.4	18.8	14.5	22.3	0.6	0.0	0.5
Total	655	114,623	100.0	237,621	5.8	5.2	5.0	19.5	27.3	18.0	32.8	31.6	32.1	41.2	35.0	44.4	0.7	0.9	0.4
<i>Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>																			

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
CALIFORNIA																			
San Diego	69	13,852	2.1	108,030	5.5	0.0	5.2	14.9	13.0	14.1	34.8	42.0	34.8	44.6	44.9	45.9	0.2	0.0	0.1
Sacramento	298	33,092	9.1	59,927	8.8	3.4	8.2	21.4	16.8	19.8	31.3	26.8	30.2	36.7	52.0	40.5	1.9	1.0	1.2
Santa Barbara	666	65,022	20.3	13,471	5.2	6.9	3.7	29.3	30.5	31.1	25.3	36.9	25.1	39.8	24.9	39.6	0.5	0.8	0.6
Bakersfield	452	67,545	13.8	16,228	5.6	3.1	4.7	19.9	23.7	18.1	27.1	19.9	24.4	46.6	51.5	52.1	0.8	1.8	0.8
Chico	222	15,364	6.8	4,253	1.5	0.9	1.3	27.7	30.2	26.5	43.8	36.9	40.6	27.1	32.0	31.6	0.0	0.0	0.0
El Centro	299	31,646	9.1	2,826	0.0	0.0	0.0	41.0	41.8	34.5	27.6	21.1	30.3	31.1	37.1	35.1	0.2	0.0	0.0
Fresno	218	31,929	6.7	24,582	6.0	0.9	4.5	27.7	38.5	24.7	21.3	17.9	22.2	43.8	41.7	47.5	1.2	0.9	1.1
Redding	23	2,457	0.7	3,947	0.0	0.0	0.0	18.8	26.1	17.8	62.5	65.2	62.5	18.8	8.7	19.7	0.0	0.0	0.0
Salinas	484	53,563	14.8	8,401	3.9	5.0	3.3	13.3	21.7	13.0	31.5	36.4	31.1	50.7	36.2	52.3	0.6	0.8	0.4
Visalia	289	40,743	8.8	7,980	1.1	0.0	0.9	28.6	48.8	28.8	28.9	15.6	29.1	41.5	35.6	41.2	0.0	0.0	0.0
Non MSAs	257	20,551	7.8	4,091	3.5	8.2	3.6	21.8	19.5	18.1	55.1	61.9	55.0	19.0	10.5	23.1	0.6	0.0	0.2
Total	3,277	375,764	100.0	253,736	5.9	3.6	5.3	19.6	28.9	18.6	32.7	31.2	31.8	41.2	35.6	43.8	0.7	0.7	0.5

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

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
San Diego	45	13,210	2.5	--	5.6	0.0	--	14.7	15.6	--	34.7	28.9	--	44.9	55.6	--	0.1	0.0	--
Sacramento	196	27,782	11.0	--	8.8	3.1	--	22.8	17.3	--	30.6	27.6	--	36.1	52.0	--	1.8	0.0	--
Santa Barbara	381	42,560	21.3	--	5.1	5.5	--	28.9	31.2	--	25.0	41.7	--	40.5	20.5	--	0.5	1.1	--
Bakersfield	254	46,546	14.2	--	5.4	4.3	--	19.7	21.3	--	26.7	15.4	--	47.4	56.7	--	0.8	2.4	--
Chico	113	9,138	6.3	--	1.5	1.8	--	27.4	32.7	--	43.6	32.7	--	27.4	32.7	--	0.0	0.0	--
El Centro	146	17,241	8.2	--	0.0	0.0	--	40.0	38.4	--	27.7	24.7	--	32.0	36.3	--	0.2	0.7	--
Fresno	91	16,016	5.1	--	5.9	1.1	--	26.9	28.6	--	21.5	24.2	--	44.5	44.0	--	1.2	2.2	--
Redding	8	1,637	0.4	--	0.0	0.0	--	18.0	12.5	--	63.3	87.5	--	18.8	0.0	--	0.0	0.0	--
Salinas	291	37,930	16.3	--	3.7	4.1	--	13.3	20.6	--	31.7	39.5	--	50.7	35.1	--	0.5	0.7	--
Visalia	118	17,201	6.6	--	1.0	0.0	--	28.3	35.6	--	29.2	21.2	--	41.5	43.2	--	0.0	0.0	--
Non MSAs	145	11,497	8.1	--	3.4	9.7	--	21.7	24.1	--	55.0	59.3	--	19.3	6.9	--	0.5	0.0	--
Total	1,788	240,758	100.0	--	5.9	3.7	--	19.8	26.3	--	32.4	33.2	--	41.3	35.9	--	0.7	0.8	--

Source: 2021 D&B Data; 01/01/2021 - 12/31/2021 Bank Data; "--" data not available.
 Due to rounding, totals may not equal 100.0%

Assessment Area Distribution of Consumer Loans by Income Category of the Geography (Limited-Scope Review)

2021

Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
CALIFORNIA													
San Diego	2,741	68,512	33.1	7.7	10.1	21.6	27.1	34.2	34.8	36.6	27.8	0.0	0.1
Sacramento	2,075	43,316	25.0	8.8	9.5	23.0	25.8	35.5	33.9	32.5	30.7	0.2	0.1
Santa Barbara	121	2,901	1.5	9.6	4.1	23.8	35.5	29.3	35.5	37.3	24.8	0.0	0.0
Bakersfield	595	14,022	7.2	9.6	7.1	21.7	20.2	32.1	37.1	36.5	35.6	0.1	0.0
Chico	97	1,924	1.2	3.6	4.1	24.0	30.9	48.6	41.2	23.8	23.7	0.0	0.0
El Centro	124	2,806	1.5	0.0	0.0	43.5	43.5	24.8	25.8	31.5	30.6	0.1	0.0
Fresno	1,115	25,147	13.4	6.9	8.1	31.3	36.2	23.8	24.8	37.9	30.9	0.1	0.0
Redding	64	1,399	0.8	0.0	0.0	19.3	17.2	57.6	64.1	23.1	18.8	0.0	0.0
Salinas	739	17,820	8.9	2.5	3.2	21.6	32.6	35.2	44.0	40.6	20.2	0.0	0.0
Visalia	481	10,680	5.8	2.0	2.7	30.7	31.2	31.7	36.8	35.6	29.3	0.0	0.0
Non MSAs	139	2,869	1.7	2.3	0.0	21.1	10.1	59.7	59.7	16.6	29.5	0.3	0.7
Total	8,291	191,396	100.0	7.1	7.9	23.8	28.3	34.4	34.9	34.6	28.8	0.1	0.1

Source: 2015 ACS Census; 01/01/2021 - 12/31/2021 Bank Data.
 Due to rounding, totals may not equal 100.0%

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
CALIFORNIA																			
San Diego	57	158,652	17.6	232,056	2.8	19.3	2.4	15.1	19.3	13.1	35.5	10.5	34.0	46.6	50.9	50.4	0.0	0.0	0.0
Sacramento	28	15,170	8.7	181,462	4.6	3.6	4.6	18.1	7.1	14.7	35.7	21.4	32.4	41.6	67.9	48.3	0.0	0.0	0.0
Santa Barbara	66	39,392	20.4	21,950	3.1	3.0	2.9	15.6	24.2	17.0	34.1	43.9	35.6	47.2	28.8	44.6	0.0	0.0	0.0
Bakersfield	16	5,654	5.0	40,380	5.6	6.3	2.8	15.8	6.3	8.7	32.3	43.8	26.5	46.2	43.8	61.2	0.1	0.0	0.7
Chico	31	11,255	9.6	10,069	0.9	0.0	1.6	20.3	6.5	15.6	51.6	48.4	39.1	27.2	45.2	43.8	0.0	0.0	0.0
El Centro	14	2,137	4.3	5,634	0.0	0.0	0.0	33.5	28.6	18.3	25.5	42.9	19.4	40.8	28.6	62.3	0.1	0.0	0.0
Fresno	7	3,814	2.2	49,860	3.0	0.0	1.6	23.2	0.0	14.6	22.8	42.9	19.7	51.0	57.1	64.1	0.0	0.0	0.0
Redding	2	2,398	0.6	11,022	0.0	0.0	0.0	14.3	0.0	13.1	57.3	50.0	54.2	28.4	50.0	32.7	0.0	0.0	0.0
Salinas	63	42,794	19.5	17,988	0.6	3.2	0.5	15.3	7.9	13.1	33.9	23.8	35.5	50.2	65.1	50.9	0.0	0.0	0.0
Visalia	3	2,222	0.9	19,751	1.3	0.0	0.3	23.6	0.0	13.5	31.8	33.3	26.9	43.3	66.7	59.3	0.0	0.0	0.0
Non MSAs	36	8,835	11.1	12,617	1.5	0.0	0.8	17.1	8.3	10.7	62.0	80.6	60.5	19.1	11.1	25.7	0.3	0.0	2.3
Total	323	292,324	100.0	602,789	3.2	5.3	2.8	17.6	13.6	13.6	35.4	36.5	32.6	43.7	44.6	50.9	0.0	0.0	0.1

Source: 2015 ACS Census; 01/01/2020 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues (Limited-Scope Review) 2019

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
CALIFORNIA											
San Diego	19	7,338	2.9	105,095	88.8	21.1	49.2	4.5	78.9	6.7	0.0
Sacramento	75	11,519	11.5	56,786	87.4	45.3	49.7	4.0	54.7	8.6	0.0
Santa Barbara	109	13,738	16.6	11,514	86.4	43.1	44.5	5.1	56.9	8.5	0.0
Bakersfield	104	22,647	15.9	15,184	85.7	24.0	42.7	4.4	76.0	9.9	0.0
Chico	34	4,077	5.2	4,438	86.3	58.8	49.6	4.2	41.2	9.5	0.0
El Centro	50	8,942	7.6	2,275	77.1	58.0	45.2	5.8	42.0	17.1	0.0
Fresno	32	7,672	4.9	19,951	85.0	34.4	42.1	4.9	65.6	10.0	0.0
Redding	9	3,232	1.4	3,838	86.0	55.6	48.9	4.5	11.1	9.5	33.3
Salinas	106	18,913	16.2	7,767	86.2	53.8	47.5	4.7	46.2	9.1	0.0
Visalia	48	8,745	7.3	6,846	82.7	43.8	43.0	5.4	56.3	11.9	0.0
Non MSAs	69	7,800	10.5	3,927	85.3	65.2	47.8	3.8	34.8	10.9	0.0
Total	655	114,623	100.0	237,621	87.3	45.5	47.8	4.5	54.0	8.3	0.5

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

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues (Limited-Scope Review) 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
CALIFORNIA											
San Diego	69	13,852	2.1	108,030	89.1	4.3	41.1	4.2	18.8	6.7	76.8
Sacramento	298	33,092	9.1	59,927	87.7	10.7	40.8	3.8	8.1	8.5	81.2
Santa Barbara	666	65,022	20.3	13,471	86.7	5.9	32.3	4.8	5.7	8.5	88.4
Bakersfield	452	67,545	13.8	16,228	86.2	4.6	33.5	4.1	8.9	9.7	86.5
Chico	222	15,364	6.8	4,253	86.1	2.7	35.3	4.2	5.0	9.6	92.3
El Centro	299	31,646	9.1	2,826	77.1	5.7	28.9	5.7	3.3	17.2	91.0
Fresno	218	31,929	6.7	24,582	85.7	2.8	32.2	4.6	7.8	9.8	89.5
Redding	23	2,457	0.7	3,947	86.8	4.3	37.8	4.2	4.3	9.0	91.3
Salinas	484	53,563	14.8	8,401	86.4	6.8	37.9	4.5	4.3	9.1	88.8
Visalia	289	40,743	8.8	7,980	83.0	3.8	30.9	5.1	4.5	11.9	91.7
Non MSAs	257	20,551	7.8	4,091	85.3	9.7	37.6	3.7	6.6	11.0	83.7
Total	3,277	375,764	100.0	253,736	87.6	5.9	38.5	4.2	6.3	8.2	87.8

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

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
CALIFORNIA											
San Diego	45	13,210	2.5	--	90.1	8.9	--	3.7	35.6	6.3	55.6
Sacramento	196	27,782	11.0	--	89.1	14.8	--	3.2	16.3	7.7	68.9
Santa Barbara	381	42,560	21.3	--	87.7	7.6	--	4.3	10.0	8.1	82.4
Bakersfield	254	46,546	14.2	--	87.6	3.5	--	3.6	12.2	8.8	84.3
Chico	113	9,138	6.3	--	87.2	6.2	--	3.8	9.7	9.1	84.1
El Centro	146	17,241	8.2	--	79.1	7.5	--	5.0	6.8	15.9	85.6
Fresno	91	16,016	5.1	--	87.3	4.4	--	3.9	17.6	8.8	78.0
Redding	8	1,637	0.4	--	87.9	0.0	--	3.8	12.5	8.3	87.5
Salinas	291	37,930	16.3	--	87.4	8.2	--	4.0	6.5	8.6	85.2
Visalia	118	17,201	6.6	--	84.5	9.3	--	4.4	12.7	11.1	78.0
Non MSAs	145	11,497	8.1	--	86.2	15.9	--	3.4	9.7	10.3	74.5
Total	1,788	240,758	100.0	--	88.8	8.4	--	3.6	11.4	7.6	80.2

Source: 2021 D&B Data; 01/01/2021 - 12/31/2021 Bank Data; "--" data not available.
 Due to rounding, totals may not equal 100.0%

Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
CALIFORNIA													
San Diego	2,741	68,512	33.1	24.8	13.7	15.7	29.9	17.1	26.1	42.4	30.3	0.0	0.0
Sacramento	2,075	43,316	25.0	25.0	15.8	15.6	25.0	17.2	27.8	42.2	31.4	0.0	0.0
Santa Barbara	121	2,901	1.5	25.2	5.0	15.7	33.1	16.9	28.1	42.2	33.9	0.0	0.0
Bakersfield	595	14,022	7.2	25.5	1.0	16.2	11.6	15.8	30.8	42.6	56.6	0.0	0.0
Chico	97	1,924	1.2	25.8	7.2	15.4	21.6	16.0	33.0	42.8	38.1	0.0	0.0
El Centro	124	2,806	1.5	26.9	1.6	15.3	14.5	14.7	29.8	43.1	54.0	0.0	0.0
Fresno	1,115	25,147	13.4	25.0	1.6	16.2	20.3	16.1	33.6	42.8	44.5	0.0	0.0
Redding	64	1,399	0.8	24.2	4.7	16.1	20.3	17.4	32.8	42.4	42.2	0.0	0.0
Salinas	739	17,820	8.9	22.5	7.2	17.0	25.3	18.8	33.6	41.7	34.0	0.0	0.0
Visalia	481	10,680	5.8	24.0	0.6	16.5	11.2	17.1	33.1	42.4	55.1	0.0	0.0
Non MSAs	139	2,869	1.7	24.6	4.3	17.0	15.1	17.1	26.6	41.3	54.0	0.0	0.0
Total	8,291	191,396	100.0	24.9	9.7	15.9	24.0	16.9	29.2	42.4	37.1	0.0	0.0

Source: 2015 ACS Census; 01/01/2021 - 12/31/2021 Bank Data.
 Due to rounding, totals may not equal 100.0%

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower (Limited-Scope Review) 2020

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
CALIFORNIA																			
San Diego	57	158,652	17.6	232,056	23.6	--	2.2	16.9	--	8.5	17.8	--	19.0	41.7	8.8	49.7	0.0	91.2	20.5
Sacramento	28	15,170	8.7	181,462	23.7	--	3.2	16.2	--	12.7	18.6	3.6	22.9	41.5	25.0	45.8	0.0	71.4	15.5
Santa Barbara	66	39,392	20.4	21,950	23.4	1.5	2.4	16.8	7.6	9.8	18.2	10.6	19.9	41.6	40.9	50.9	0.0	39.4	16.9
Bakersfield	16	5,654	5.0	40,380	24.8	--	1.4	16.4	6.3	7.2	16.1	--	16.5	42.7	12.5	52.6	0.0	81.3	22.3
Chico	31	11,255	9.6	10,069	22.9	--	2.6	16.7	3.2	9.5	19.0	6.5	20.3	41.4	38.7	53.9	0.0	51.6	13.7
El Centro	14	2,137	4.3	5,634	24.1	--	0.9	17.0	--	5.8	15.7	--	15.7	43.2	--	53.6	0.0	100.0	24.0
Fresno	7	3,814	2.2	49,860	25.0	--	1.5	16.1	--	8.0	16.5	14.3	18.6	42.5	42.9	50.2	0.0	42.9	21.7
Redding	2	2,398	0.6	11,022	21.2	--	3.6	18.0	--	13.1	19.8	--	21.9	41.0	50.0	42.6	0.0	50.0	18.8
Salinas	63	42,794	19.5	17,988	21.6	--	1.8	17.9	6.3	8.1	18.7	9.5	18.5	41.9	60.3	56.3	0.0	23.8	15.4
Visalia	3	2,222	0.9	19,751	23.3	--	1.0	17.6	--	6.5	16.8	--	15.4	42.3	33.3	51.9	0.0	66.7	25.2
Non MSAs	36	8,835	11.1	12,617	23.1	--	3.6	17.8	--	11.9	19.6	--	19.1	39.5	25.0	48.8	0.0	75.0	16.6
Total	323	292,324	100.0	602,789	23.7	0.3	2.4	16.7	3.4	9.8	17.8	5.3	19.9	41.8	32.5	49.0	0.0	58.5	18.9

Source: 2015 ACS Census; 01/01/2020 - 12/31/2020 Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

GLOSSARY

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

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;

- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, 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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities 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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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 lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.