

PUBLIC DISCLOSURE

January 19, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Tri Counties Bank
Certificate Number: 21943

63 Constitution Drive
Chico, California 95973

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

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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 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, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	
Low Satisfactory			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 High Satisfactory.

- Lending levels reflect good responsiveness to credit needs in the assessment area (AA).
- A substantial majority of the institution loans were made in the bank’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 bank, good penetration among retail customer of different income levels and businesses and farm customers of different revenue sizes.
- The institution exhibits a good record of serving the credit needs of the most economically disadvantaged areas, low-income individuals, and very small businesses, consistent with safe and sound banking practices.
- The institution made a relatively high level of community development loans.
- The institution uses innovative and/or flexible lending practices in order to serve AA credit needs.

The Investment Test is rated High Satisfactory.

- The institution has a significant level of qualified community development investments and grants, occasionally in a leadership position, particularly those not routinely provided by private investors.
- The institution exhibits excellent responsiveness to credit and community development needs.
- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

The Service Test is rated Low Satisfactory.

- Delivery systems are accessible to essentially all portions of the AAs.
- To the extent changes have been made, the bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or individuals.
- Services and business hours do not vary in a way that inconveniences certain portions of the AAs, particularly low- and moderate-income geographies and/or individuals.
- The institution provided an adequate level of community development services.

DESCRIPTION OF INSTITUTION

Tri Counties Bank (TCB) is a \$7.7 billion community bank headquartered in Chico, Butte County, California. TCB is wholly owned by a one-bank holding company, Trico Bancshares (TB), also located in Chico, California. TCB has five additional non-lending affiliations with North Valley Capital Trust II, North Valley Capital Trust III, and North Valley Capital Trust IV, which are located in Redding, California and Trico Capital Trust I, and Trico Capital Trust II, located in Chico, California. TCB received a “Satisfactory” rating at its previous FDIC CRA Performance Evaluation (PE) dated February 26, 2018, based on Interagency Large Institution Examination Procedures. TCB was involved in a merger and acquisition since the previous evaluation, completing a merger with First National Bank of Northern California (FNB) in July 2018. TCB acquired 12 additional branches, expanding its delineated AA to include 3 additional counties in the Bay Area, as a result of the merger. Refer to the Description of AAs below for full details.

TCB operates 73 full-service bank branches in 9 AAs within 29 counties throughout the northern regions of California. Additionally, TCB operates five loan production offices (LPOs) in California. TCB offers traditional banking products including loan and deposit products to its customers. Loan products include commercial loans and lines of credit, agricultural and farm production loans, and both consumer and commercial real estate loan products. TCB’s primary lending focus is commercial, small business, and 1 to 4 family home mortgage lending followed by agricultural loans. TCB also accommodates consumers in the communities it serves with a variety of consumer loan products to finance personal, family and household needs. TCB offers a variety of deposit products and services, including checking, savings, money market accounts, and certificates of deposit. Alternative banking services include internet banking, mobile banking, electronic bill pay, telephone banking, remote deposit capture, and automated teller machines (ATMs). Refer to the delivery of services section below for more deposit and services detail.

TCB has total assets of \$7.7 billion, total loans of \$4.7 billion, total deposits of \$6.5 billion, and total securities of \$1.7 billion, as of December 31, 2020. Total loans represents 61.3 percent of the bank’s total assets.

TCB’s largest lending activity is represented by commercial loans secured by non-residential real estate and working capital at 56.3 percent of total loans. This is followed by 1 to 4 family residential and multi-family residential lending at 31.9 percent of total loans. Other lending activity by TCB includes construction loans at 6.0 percent, farm and agricultural loans at 4.1 percent, consumer loans (secured and unsecured) at 1.6 percent, and lease financing receivables at 0.1 percent. TCB sells a portion of mortgage loans in the secondary market, which is reflected in the Consolidated Report of Condition and Income (Call Report). The following table shows the bank’s originations by loan type over the most recent calendar year as of December 31, 2020.

Loan Portfolio Distribution as of 12/31/2020		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	284,842	6.0
Secured by Farmland	152,492	3.2
Secured by 1-4 Family Residential Properties	880,334	18.5
Secured by Multifamily (5 or more) Residential Properties	639,480	13.4
Secured by Nonfarm Nonresidential Properties	2,159,930	45.3
Total Real Estate Loans	4,117,088	86.3
Commercial and Industrial Loans	526,327	11.0
Agricultural Production and Other Loans to Farmers	44,164	0.9
Consumer Loans	77,700	1.6
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	332	0.0
Lease Financing Receivable (net of unearned income)	3,784	0.1
Less: Unearned Income	0	0.0
Total Loans	4,769,395	100.0
<i>Source: Call Report</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet AA credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires financial institution to define AAs within which its CRA performance will be evaluated. TCB has designated 9 AAs consisting of 29 counties throughout California. TCB completed a merger with FNB since the previous evaluation adding San Francisco, San Mateo, and Santa Clara Counties to its AA. These three counties, combined with the Contra Costa and Sonoma Counties constitute the Bay Area AA. Additionally, the bank has removed Napa and Solano counties since the previous evaluation due to low lending volume in these counties.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Areas	# of CTs	# of Branches
Sacramento AA	Nevada, Placer, Sacramento, Sutter, Yolo, Yuba	498	15
Butte AA	Butte	51	7
Shasta-Tehama AA	Shasta, Tehama	59	11
Bay Area AA	Contra Costa, San Francisco, San Mateo, Santa Clara, Sonoma	1,035	14
Rural Northern California and North Coast AA	Colusa, Del Norte, Glenn, Humboldt, Lake, Lassen, Mendocino, Siskiyou, Trinity	114	18
Stanislaus-Merced AA	Stanislaus, Merced	143	4
Fresno-Madera AA	Fresno, Madera	222	2
Kern AA	Kern	151	1
Tulare AA	Tulare	78	1
<i>Source: Bank Records</i>			

The AAs comply with all of the technical requirements of the CRA regulation by containing whole geographies, not arbitrarily excluding any low- and moderate-income areas, and not extending beyond a Metropolitan Statistical Area (MSA) boundary. Refer to the individual AAs for additional information.

Community Contacts

Examiners contacted community organizations active within the bank’s defined AAs to assist in identifying the credit and community development needs. This information helps examiners determine whether local financial institutions are being responsive to identified needs. It also shows what credit and community development needs are available. Examiners conducted or reviewed recent community contacts for five of six full-scope AAs reviewed. A summary discussion of the contacts is included within the applicable full-scope AA analysis.

Credit and Community Development Needs and Opportunities

Refer to individual AAs for specific information on identified credit and community development needs and opportunities.

SCOPE OF EVALUATION

General Information

This CRA PE covers the period from the previous PE dated February 26, 2018, to the current evaluation date January 19, 2021. Examiners used the Interagency Large Institution Examination Procedures to evaluate TCB’s CRA performance.

Of the bank’s nine AAs, the Sacramento, Butte, Shasta-Tehama, Bay Area, and Rural Northern CA and North Coast AAs, were evaluated using full-scope examination procedures based on TCB’s footprint with branch locations, deposit concentrations, and volume of lending activity. The full-

scope AAs are given the most weight in this PE since TCBs footprint and operations are heavily concentrated in these AAs. While the Stanislaus-Merced AA represents a smaller percentage of the bank's operations, it received limited-scope reviews at both of the previous two CRA evaluations. It was randomly selected for full-scope review at this evaluation. The remaining three AAs received limited-scope reviews. Refer to the following table for a breakdown of branches, lending, and deposit activity by AA.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Sacramento AA	217,380	26.1%	1,128,464	18.0%	15	20.5%
Butte AA	159,739	19.2%	1,263,034	20.2%	7	9.6%
Shasta-Tehama AA	89,804	10.8%	1,063,510	17.0%	11	15.1%
Bay Area AA	142,303	17.1%	1,135,616	18.2%	14	19.2%
Rural Northern CA and North Coast AA	87,556	10.5%	1,168,410	18.7%	18	24.6%
Stanislaus-Merced AA	38,254	4.6%	257,372	4.1%	4	5.5%
Fresno-Madera AA	24,860	3.0%	145,898	2.3%	2	2.7%
Kern AA	24,204	2.9%	73,329	1.2%	1	1.4%
Tulare AA	47,450	5.7%	17,585	0.3%	1	1.4%
Total	831,550	100.0%	6,253,218	100.0%	73	100.0%

Source: 2019 Bank Data; FDIC Summary of Deposits 6/30/2020

Activities Reviewed

The bank's major product lines during the review period remain small business loans, home mortgage loans, and small farm loans. This conclusion primarily considered the number and dollar volume of loans originated during the evaluation period, as well as the bank's strategic lending focus. According to the bank's loan trial balance, the main product mix has changed slightly since the prior evaluation, with home mortgage experiencing higher loan growth than small business activity. Despite a higher volume of home mortgage activity and bank's strategic focus on commercial lending, small business and home mortgage lending received equal weight and contributed the greatest weight to overall conclusions. Due to the smaller loan volume, small farm lending contributed to the least weight in determining the overall conclusions during the review period. No other loan type, including consumer loans, represent a major product line.

Examiners analyzed the universe of reported small business, small farm loans, and the universe of Home Mortgage Disclosure Act (HMDA)-applicable mortgage loans originated from January 1, 2018 through December 31, 2019. HMDA loans included TCB's Home Equity Lines of Credit originated and reported during the review period. For small business loans, the bank reported 1,511 loans for \$277.1 million in 2018 and 1,401 loans totaling \$269.6 million in 2019. The bank made 1,982 HMDA loans totaling \$530.3 million in 2018 and 2,127 loans totaling \$671.0 million in 2019. For small farm loans, TCB reported 202 loans totaling \$30.4 million and 189 loans totaling \$30.4 million in 2019. The bank lending performance will be compared to available aggregate data, D&B

data, and 2015 American Community Survey (ACS) Census Data. More emphasis will be placed on available aggregate data.

Although examiners analyzed two years of lending data, only the 2019 data will be presented within this PE for the Geographic Distribution and Borrower Profile criteria. Examiners determined that there were no significant anomalies over the two-year review period and 2019 is the most recent full calendar year with available aggregate data for comparison purposes. Both years of data will be presented for the Assessment Area Concentration criterion. For the Lending Test, examiners reviewed the number and dollar volume of small business, HMDA, and small farm loans.

While the number and dollar volume of loans are presented, examiners emphasized performance by the number because it is a better indicator of the number of businesses, individuals, and farms served. There were no similarly situated banks within the bank's market area that would provide a reasonable performance comparator.

For community development activities, the institution provided data on community development loans, qualified investments and grants/donations, and services from the previous evaluation dated February 26, 2018, up to the date of this evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated "High Satisfactory." This rating is primarily supported by good Geographic Distribution and Borrower Profile performance and a relatively high level of community development lending. The bank-wide AA performance conclusion is based on consistent performance in most full-scope AAs and one limited-scope AA (Fresno-Madera). The Butte AA Lending Test performance exceeds the bank wide AA; however, performance at the Shasta-Tehama full-scope AA as well as two of the limited-scope AA (Kern and Tulare) are below the bank-wide AA. Refer to each AA section for detailed information and analysis.

Lending Activity

TCB's lending levels reflect good responsiveness to community credit needs. During 2018 and 2019, the bank made 2,724 small business loans totaling approximately \$493.4 million; 3,906 home mortgage loans totaling approximately \$1,051.4 million; and 369 small farm loans totaling approximately \$56.1 million. Overall, the bank's lending activity by number of small business loans, home mortgage loans, and small farm loans was comparable to the previous evaluation.

Lending markets shares for small business, home mortgage, and small farm lending can be found in the full-scope reviewed AAs sections of this evaluation.

Assessment Area Concentration

TCB originated a substantial majority of loans inside its AAs. Overall, the bank originated a substantial majority of small business, home mortgage and small farm loans by number and dollar volume inside the AA. This reflects by the concentration of lending inside the AA at 94.4 percent by number and 91.2 percent by dollar volume. The following table shows the bank's lending activity by loan category during the review period.

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										
2018	1,882	95.0	100	5.1	1,982	493,958	93.2	36,293	6.8	530,251
2019	2,024	95.1	103	4.8	2,127	557,478	90.4	59,551	9.6	617,029
Subtotal	3,906	95.1	203	4.9	4,109	1,051,436	91.6	95,844	8.4	1,147,280
Small Business										
2018	1,408	93.2	103	6.8	1,511	246,848	89.1	30,208	10.9	277,056
2019	1,316	93.9	85	6.1	1,401	246,581	91.4	23,064	8.6	269,645
Subtotal	2,724	93.5	188	6.5	2,912	493,429	90.3	53,272	9.7	546,701
Small Farm										
2018	194	96.0	8	4.0	202	28,638	94.1	1,793	5.9	30,431
2019	175	92.6	14	7.4	189	27,490	90.3	2,944	9.7	30,434
Subtotal	369	94.4	22	5.6	391	56,128	92.2	4,737	7.8	60,865
Total	6,999	94.4	413	5.6	7,412	1,600,993	91.2	153,853	8.8	1,754,846
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

TCB's geographic distribution of loans reflects good penetration throughout the AAs. This conclusion is primarily supported by good penetration in the Sacramento, Butte, Bay Area, and Stanislaus-Merced AAs, as well as adequate penetration in the Rural Northern CA and North Coast and Shasta-Tehama AAs. Bank performance is generally consistent throughout the limited-scope AAs.

Borrower Profile

TCB's distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different revenue sizes. This conclusion is primarily supported by excellent performance in the Rural Northern CA and North Coast and Butte AAs; by good performance in Shasta-Tehama, Bay Area,

and Stanislaus-Merced AAs; as well as by an adequate performance in the Sacramento AA. Bank performance is generally consistent throughout the limited-scope AAs.

TCB exhibits a good record of serving the credit needs of low-income individuals, small businesses, and small farms which is consistent throughout the AAs.

Innovative or Flexible Lending Practices

TCB uses innovative and/or flexible lending practices in order to serve AA credit needs. The following table shows the lending programs offered directly and indirectly by TCB during the review period.

Innovative or Flexible Lending Programs Bank-Wide AA						
Type of Program	2018		2019		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
Farmers Home Administration Loans	1	187	5	901	6	1,088
FHA and VA Mortgage Loans	16	3,488	24	6,254	40	9,742
FHLB WISH and AHP Programs	5	60	5	910	10	970
SBA Loan Programs	25	14,183	22	8,698	47	22,881
California Small Business Loan Guarantee Program	1	3,000	-	-	1	3,000
FreshStart	171	152	167	163	338	315
Totals	219	21,070	223	16,926	442	37,996
<i>Source: Bank Records</i>						

TCB offers or participates in innovative and/or flexible loan programs as described below.

- Farmers Home Administration – TCB offers loans for the purpose of agricultural production in conjunction with Farmers Home Administration. These loans are designed to incorporate a guarantee element and to provide flexibility to farmers who would not qualify for financing opportunities under conventional options. TCB provided 6 loans totaling \$1.1 million during the review period.
- Federal Home Loan Bank (FHLB) of San Francisco Affordable Housing Programs
 - Workforce Initiative Subsidy for Homeownership Program (WISH Program) – WISH provides down payment assistance to low-income individuals and families that are ready to move and prepares them to transition from rental housing to homeownership. TCB issues as subordinate loan for a period of up to 5 years and in amounts up to \$15,000. During the review period, TCB issued 9 distributions for a total of \$60,000 in down payment assistance.
 - Affordable Housing Program (AHP) provides additional non-profit organizations involved in large affordable housing projects. The program is designed in a manner that TCB issues a subordinate loan in amounts approved through the FHLB and maintains compliance measures to the borrowing entity for a fifteen-year period.

Funds are intended to augment other financing in order to complete projects. TCB funded 1 housing project to create 85 permanent supportive housing units serving homeless or disabled individuals during the review period.

- Small Business Administration (SBA) Loans – SBA offers a variety of guaranteed loan programs targeting business growth and stabilization of economies throughout the nation. These programs permit financial institutions to focus on the communities in which they are located and serve while providing safe and sound, credit products for small and medium-sized businesses. TCB actively grants SBA 7As, 504s, Veterans Advantage, Express and Export Express, and Export Working Capital and International Trade financing opportunities in order to support the community business credit needs. As an SBA Preferred Lender, TCB provided 47 SBA guaranteed loans totaling \$22.9 million to businesses throughout the AAs during the review period.
- California Small Business Loan Guarantee Program (CSBLG Program) – TCB is an actively participating institution with the CSBLG Program. This program is designed to provide “for profit” businesses, including agricultural enterprises, with financing at higher advance rates than conventional financing options. The program supports economic growth for all areas of California. During the review period, TCB provided 1 loan in the amount of \$3.0 million in conjunction with this program.
- FreshStart - TCB continues to offer a FreshStart loan program to deposit customers that provides short-term financing with no interest or origination fees. Loan terms are structured to allow a 10-month repayment period, providing an opportunity for customers to repay overdrawn deposit accounts and retain positive credit history. The average loan amount ranges from \$500 to \$1,000. During the review period, TCB originated 338 FreshStart loans for a total amount of approximately \$315,000 in no-fee loans.
- United States Department of Agriculture (USDA) loans programs – TCB participates in granting USDA Business and Industry lending activity, and the USDA Community Facilities financing programs. No loans were originated during the review period due to a limited number of applications received for these types of credit facilities.

In addition to the innovative or flexible lending programs described above, TCB continues to provide Federal Housing Administration (FHA), and Veterans Administration (VA) home mortgage lending, which are fully originated and serviced by TCB. An Evergreen Loan program created during the previous evaluation was fully implemented throughout all AAs. This program provides flexibility to existing business borrowers to maintain existing lines of credit without annual renewal requirements.

Community Development Loans

TCB has made a relatively high level of community development loans throughout the bank-wide AA during the evaluation period. On a bank-wide, regional, and statewide level, TCB made 169 community development loans totaling approximately \$285.7 million. The bank’s community development lending represents 4.5 percent of average total assets and 6.9 percent of average total

loans. TCB participated in the SBA’s Payment Protection (PPP) loan program in 2020 and originated 27 community development qualified PPP loans totaling \$68 million to businesses located in low- and moderate-income geographies in the bank’s AAs or throughout the State of California.

This performance shows improvement from the previous evaluation by both number and dollar volume of community development loans, where the bank originated 120 loans for \$135.7 million. By percentage of average total assets and loans, community development lending is higher than the previous evaluation that stood at 3.1 percent of average total assets and 5.0 percent of average total loans. The bank’s performance is generally consistent throughout most of the AAs; however, one of the limited scope AA did not have any qualified community development loans.

Refer to each AA for more detailed information, analysis and notable community develop lending examples.

The following tables shows TCB’s community development lending activity by year and purpose.

Community Development Lending – Bank Wide AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	7	2,833	11	8,245	5	9,590	5	34,410	28	55,078
2019	12	11,626	19	34,350	9	11,603	14	60,275	54	117,854
2020	6	9,336	9	4,249	4	2,667	6	10,033	25	26,285
YTD 2021	0	0	0	0	0	0	0	0	0	0
Total	25	23,795	39	46,844	18	23,860	25	104,718	107	199,217

Source: Bank Records PPP loans originated in 2020 are excluded from above totals

Overall, the bank’s community development lending by number benefited community service organizations; however, the greatest impact by dollar volume was in revitalization or stabilization in 2018, 2019 and 2020. The bank’s origination of PPP loans demonstrate a responsiveness to business credit needs during the COVID-19 pandemic and helped to retain many jobs in low- and moderate-income communities. TCB was also active in providing affordable housing and economic development within its AAs that benefited low- and moderate- income geographies and distressed middle-income geographies.

Refer to each full-scope AAs for notable examples of community development lending activity.

Community Development Lending – Regional and Statewide										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	11	1,976	0	0	4	5,412	0	0	15	7,388
2019	6	3,780	0	0	0	0	1	2,918	7	6,698
2020	12	1,183	0	0	0	0	1	3,180	13	4,363
YTD 2021	0	0	0	0	0	0	0	0	0	0
Total	29	6,939	0	0	4	5,412	2	6,098	35	18,449

Source: Bank Records

In addition to community development lending within the bank-wide AAs, TCB extended 35 loans totaling \$18.4 million outside the bank’s AAs but within the state of California. Community development lending is centered in affordable housing with 29 loans totaling approximately \$6.9 million that benefitted a broader statewide area, including the bank’s AAs. Since TCB has been responsive to the credit needs of its bank-wide AA, examiners considered the statewide community development loans under the Lending Test.

INVESTMENT TEST

The Investment Test is rated "High Satisfactory." This performance conclusion is consistent in most of the AAs with the exception of the Shasta-Tehama, Stanislaus-Merced, and all of the three limited-scope AAs, which performed below the bank-wide AA. The Bay Area AA Investment Test performance exceeds the bank-wide AA. Refer to each AA section for detailed information and analysis.

Investment and Grant Activity

TCB has a significant level of qualified community development investments and grants, although occasionally in a leadership position, particularly those that are not routinely provided by private investors. The combined qualified investments and grants total approximately \$79.8 million of which 24 donations or grants totaling approximately \$176,000 benefitted the greater statewide or regional area inclusive of the bank’s AAs. Total investments and grants included 323 grants and donations totaling \$4.1 million, as well as 16 outstanding investments for \$27.9 million that are carried over from the prior period. TCB made 23 new investments totaling \$47.9 million within the bank’s AA since the previous examination. Two of these investments targeted affordable housing and one targeted economic development that were allocated across multiple AAs and are reflected in the number and dollar amount in the bank-wide and individual AAs. The number of current period investments presented in the table below and individual AAs to reflect those three investments allocated to multiple AAs they benefitted. Therefore, examiners relied more heavily on the dollar amount of qualified investments as opposed to the number of investments made for this analysis. Refer to individual full-scope AAs for additional details.

The dollar amount of qualified community development investments and grants equate to 1.2 percent of average total assets, 6.7 percent of average total securities, and 8.9 percent of average

equity capital as of the evaluation period. This performance represents an increase when compared to the previous evaluation, where total investments and donations made or held were 0.9 percent of average total assets, 3.2 percent of average total securities, and 7.0 percent of average equity capital. Furthermore, the level of qualified community development investments, grants, and donations doubled since the previous evaluation, compared to qualified investments, grants, and donations of \$39.9 million. Although this appears to be a significant increase for a shorter review period, the bank's performance at the current and previous evaluations are similar when compared to the percentages of average total assets, securities, and equity capital during the evaluation periods.

The investments and donations helped efforts to support affordable housing, community services, economic development, and revitalization or stabilization throughout the AAs. The table below illustrates TCB's investment and donations in totality and by community development purpose for the all of the bank's AAs.

The following table provides qualified investments by year and purpose:

Community Development Qualified Investments and Donations Bank-Wide AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	9*	22,090	5	4,007	2	1,825	0	0	16*	27,922
2018**	13	28,300	1	500	5	4,000	0	0	19	32,800
2019	6	7,800	1	500	0	0	0	0	7	8,300
2020	1	2,000	3	4,252	1	500	0	0	5	6,752
YTD 2021	0	0	0	0	0	0	0	0	0	0
Subtotal	29	60,190	10	9,259	8	6,325	0	0	47	75,774
Qualified Grants & Donations	76	716	144	883	60	472	43	1,983	323	4,054
Total	105	60,906	154	10,142	68	6,797	43	1,983	370	79,828
<i>Source: Bank Data; *Prior period investments (Affordable Housing) allocated to multiple AAs; ** Equity Investment of \$2 million allocated to four AAs. Because of these allocations, the total investment and donation numbers may not tie. See the individual AA analyses and tables for actual investments and donations activities.</i>										

The following table provides qualified investments by AAs and purpose:

Community Development Qualified Investments and Donations by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Total Prior Period	9*	22,090	5	4,007	2	1,825	0	0	16*	27,922
Bay Area AA*	11	28,734	1	2,845	0	0	0	0	12	31,579*
Butte AA*	2	810	3	1,500	1	500	0	0	6	2,810*
Fresno AA*	0	0	0	0	1	750	0	0	1	750*
Kern AA*	0	0	0	0	1	375	0	0	1	375*
Rural Northern California & North Coast AA	2	4,200	0	0	0	0	0	0	2	4,200
Sacramento AA*	3	1,805	1	906	1	2,000	0	0	5	4,711*
Shasta-Tehama AA*	2	2,552	0	0	0	0	0	0	2	2,552*
Stanislaus-Merced AA*	0	0	0	0	1	375	0	0	1	375*
Tulare AA*	0	0	0	0	1	500	0	0	1	500*
Subtotal	29	60,191	10	9,258	8	6,325	0	0	47	75,774
Qualified Grants & Donations	76	716	144	883	60	472	43	1,983	323	4,054
Total	105	60,907	154	10,141	68	6,797	43	1,983	370	79,828

Source: Bank data
 *Prior period investments (Affordable Housing) and Equity Investment of \$2 million allocated to multiple AAs. Because of these allocations, the total investment and donation numbers may not tie. See the individual AA analyses and tables for actual investments and donations activities.

Some notable new qualified investments benefiting the bank's AAs include:

- The bank has numerous mortgage backed securities (MBSs) that are comprised of loans to low- and moderate-income borrowers. These securities target the banks' AAs. Affordable housing MBS are the bank's primary qualified investment vehicle. Including prior period, the bank holds 9 affordable housing MBS totaling approximately \$96.6 million, with a majority benefitting the Bay Area AA, where the need for affordable housing is most severe. These efforts demonstrate responsiveness to the need for affordable housing loans targeting low- and moderate-income borrowers in any geography.
- TCB acquired 6 investments from the FNB merger during the third quarter of 2018. All investments were newly purchased within a month prior to the merger-acquisition; therefore, they are considered new investments for this evaluation. All of these new investments benefit the Bay Area and are qualified affordable housing investments. One is a \$2.0 million Low-Income Housing Tax Credit (LIHTC) and 5 investments for \$14.9 million are comprised of Delegated Underwriting and Servicing (DUS) Bonds. The DUS Bonds are comprised of first lien 30-year mortgage pools secured by multifamily properties with

guaranteed cash flows by the Federal National Mortgage Association. All of the affordable housing investments support long- term needs in the Bay Area AA, where there is a critical affordable housing shortage.

- The bank occasionally uses complex investments to support community development initiatives. During the evaluation period, TCB invested \$4.5 million in 4 organizations that provide flexible loans and financial education to promote job creation, and economic and small business development throughout the bank’s AAs, exclusive of the Bay Area AA. In 1 instance, the bank made an equity investment for \$2.0 million to fund small and micro-businesses in the AA.

Responsiveness to Credit and Community Development Needs

TCB exhibits excellent responsiveness to the credit and community economic development needs throughout the AAs. A majority of investments in the AA are for affordable housing, a significant identified need of the area, which has driven the cost of housing, both homeownership and rental housing. Of the total dollar amount of qualified community development investments and grants, 76.3 percent benefit affordable housing in the AAs. A large portion of community development investment also supports community services and economic development through small business financing and financial assistance to the member businesses. At the current evaluation, the bank provided investment opportunities within each AA, and provided grants and donations to support affordable housing, community services, economic development, and revitalization and stabilization activities.

Community Development Initiatives

The institution occasionally uses innovative and/or complex investments to support community development initiatives. This is demonstrated by TCB's investment in LIHTCs and MBSs. LIHTCs and MBSs are investments collateralized by homes and multi-family developments located in low- and moderate-income census tracts (CTs) or to borrowers within the bank’s AAs whose incomes are no more than 80.0 percent, of the area's median family income. While investments in LIHTCs or MBSs support the provision of affordable housing to low- or moderate-income borrowers, they are not considered particularly innovative, and have limited complexity because they are readily available to investors.

SERVICE TEST

The Service Test is rated “Low Satisfactory.” Conclusions are generally consistent in most of the full-scope AAs with the exception of poor performance in Stanislaus-Merced AA, Rural Northern California and North Cost AA, and three of the limited-scope AAs. Refer to each AA for more detailed information and analysis.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the institution’s AAs. TCB has 73 full-service branches and 5 LPOs located throughout the bank-wide AA. The number of full-service

branches in low- and moderate-income geographies is 20 or 27.4 percent of the total branch network. This percentage is reasonable compared to the 30.3 percent of branches operated by other institutions within low- and moderate-income tracts in the bank AAs. The percentage of TCB's branches located in low- and moderate-income CT is below the low-income CT and population percentages; however, branches located in moderate-income tracts is comparable to demographics. Additionally, the bank has 10 full-service branches in middle-income distressed or underserved CTs. All 10 of these full-service branches are located in the Rural Northern California and North Coast AA, a non-metropolitan area. The remaining full-service branches are located in middle-, upper-income and non-designated CTs with 36, 16, and 1 branch in each respective category.

Throughout the AAs, TCB operates 95 ATMs, of which 94 are deposit-taking and 1 is a non-deposit taking ATM located throughout the bank's AAs: 2 in low-, 28 in moderate-, 46 in middle-, 17 in upper-income, and 2 in non-designated CT. Of the 95 in-service ATMs, 87 are located at branches, drive-up or in-store locations. The remaining eight ATMs are stand-alone located in the bank's AAs. Twelve ATM locations are located in middle-income distressed or underserved CTs located in the Rural Northern California and North Coast AA. The following table shows the distribution of branch and ATM locations by CT income level.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	186	7.9	883,945	7.7	2	2.7	2	2.1
Moderate	587	25.0	2,842,154	24.7	18	24.7	28	29.5
Middle	810	34.5	4,065,805	35.4	36	49.3	46	48.4
Upper	741	31.5	3,653,476	31.8	16	21.9	17	17.9
NA	27	1.1	49,572	0.4	1	1.4	2	2.1
Total	2,351	100	11,494,952	100	73	100	95	100.0

Source: 2015 ACS Data; Bank Data

TCB offers a variety of alternative delivery systems that are available to all customers. Digital services include Advance Online and mobile banking that allow customers to access information on banking products and services, such as checking and savings accounts, business checking, cash management services, and commercial loan products. Additional online features include opening personal and business accounts, applying for loans, ordering checks, funds transfer between accounts, and customer support. Mobile banking is also available that allows customers to view and manage account balances, pay bills, remote deposit capture, transfer funds, and access to a mobile wallet. TCB also provides access to over 32,000 plus surcharge-free ATMs nationwide.

Changes in Branch Locations

To the extent changes have been made, TCB's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies and/or individuals. During the evaluation, TCB acquired another financial institution in July 2018, which added 12 additional branches. Also during the evaluation period, the bank closed five branches primarily in middle- and upper-income and one in a moderate-income

CT. The one branch located in a moderate-income tract in downtown Chico, was converted into a support office. Two of the closures resulted in immediate branch openings in the same AA for a better location one in a moderate- and one in an upper-income tract.

Reasonableness of Business Hours and Services

Services, including business hours do not vary in a way that inconveniences certain portions of the AAs, particularly low- and moderate-income geographies and low- and moderate-income individuals. TCB’s branch network are full-service and offer the same products and services. Business hours vary slightly by branch Monday-Thursday with 83.5 percent open from 9:00 a.m. to 5:00 p.m., 9.7 percent open from 9:00 a.m. to 6:00 p.m., 1.4 percent open from 9:00 a.m. to 4:00 p.m., 2.7 percent open 10:00 a.m. to 7:00 p.m., and 2.7 percent open 10:00 a.m. to 3:30 p.m. The bank has extended branch banking hours on Friday until 6:00 p.m. Additionally, two in-store branches are open from 10:00 a.m. to 7:00 p.m. Monday-Friday, and all seven in-store branches are open from 9:00 a.m. to 6:00 p.m. on Saturday; and two on Sunday from 11:00 a.m. to 4:00 p.m. Drive-up hours vary by location ranging from 8:30 a.m. to 5:00 p.m., and 9:00 a.m. to 5:00 p.m. or 6:00 p.m. Monday-Friday. Only seven of the branch locations have drive-up hours on Saturday ranging from 8:45 a.m. or 9:00 a.m. to 1:00 p.m. TCB also has a vast network of deposit-taking ATMs located throughout the bank’s AAs.

Community Development Services

TCB provided an adequate level of community development services. During the evaluation period, 60 bank employees, mainly middle and senior management, provided 527 instances of community development services to 75 different organizations totaling 4,123.5 hours throughout the AAs. This represents a decline of 160 service hours, 7 employees, and 16 organizations from the previous evaluation. The total average number of full-time employees is 1,115 during the evaluation period. The 60 employees providing community services represent 5.4 percent of the bank’s total average workforce. These same employees provided service hours in multiple AAs. This is a decrease from the previous evaluation, where 67 employees or 6.8 percent of the 988 full-time employees provided community development services throughout the bank’s AAs.

The following table illustrates the bank’s community development services hours during the evaluation period by year and purpose:

Community Development Services Bank-Wide AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	# hours	# hours	# hours	# hours	# hours
2018 (Feb – Dec)	74	621	89	417	1,201
2019	186	1,214	146	193	1,738
2020	98	599	107	381	1,186
YTD 2021	0	0	0	0	0
Total	358	2,434	342	991	4,125
<i>Source: Bank Records</i>					

As noted earlier, total service hours provided decreased slightly since the previous evaluation from 4,284 to 4,125 hours, despite the number of instances increasing from 368 to 527. California’s mandatory stay-at-home measures and travel restrictions implemented in response to the COVID-19 pandemic hampered the bank’s ability to provide community development service activity beginning in March 2020. As a result, the bank was unable to achieve its goal of 2,000 service hours for 2020.

The following table shows the bank’s community development services by instance within each AA and purpose.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Sacramento AA	20	118	3	0	141
Butte AA	25	125	11	38	199
Shasta-Tehama AA	0	69	5	16	90
Bay Area AA	6	33	2	11	52
Stanislaus-Merced AA	0	7	0	0	7
Rural Northern California and North Coast AA	0	0	9	8	17
Fresno-Madera AA	0	0	15	0	15
Kern AA	0	5	0	0	5
Tulare AA	0	0	0	0	0
Regional Activities/Outside AA	0	1	0	0	1
Total	51	358	45	73	527
<i>Source: Bank Data</i>					

A noteworthy example of community development services provided during the evaluation period that benefited geographies throughout the bank’s AAs is provide below:

- FHLB – The FHLB program supports affordable housing and economic development. Bank employees provided 158 community development service hours to 7 organizations, helping to write grants and oversee project funding across the bank’s AA. Because of the bank’s community development outreach efforts, FHLB AHP grants were awarded to 3 organizations, totaling \$1.8 million that supported the construction of 171 affordable housing units for low- and moderate-income individuals and families.
- FHLB Access to Housing and Economic Assistance for Development (AHEAD) grants were awarded to 4 organizations totaling \$287,500. The AHEAD grant funds are used for

workforce training and provide small business assistance in designated disaster areas impacted by wildfires, financial education targeted to low- and moderate-income individuals, and for the development of homes and rental properties for very low-income individuals and families.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

TCB's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

SACRAMENTO ASSEMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SACRAMENTO ASSESSMENT AREA

Sacramento AA is comprised of the Sacramento-Roseville Combined Statistical Area (CSA) #472, which includes Sacramento, Yolo, and Placer Counties that are part of the Sacramento-Roseville-Folsom, California MSA #40900; Sutter and Yuba Counties, which make up the Yuba City, California MSA #49700; and Nevada County, a contiguous nonmetropolitan area bordering the MSAs.

Operating 12 traditional branches, 3 in-store branches, and 1 LPO, the Sacramento AA remains unchanged since the previous evaluation.

Economic and Demographic Data

Based on the 2015 ACS census data, the Sacramento AA consists of 498 CTs: 46 low-, 121 moderate-, 163 middle-, 166 upper-income, and 2 CTs without an income designation.

The following table shows select demographic, housing, and business information within the Sacramento AA.

Demographic Information of the Assessment Area						
Sacramento AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	498	9.2	24.3	32.7	33.3	0.4
Population by Geography	2,306,686	9.0	24.2	32.6	34.2	0.1
Housing Units by Geography	907,774	8.4	23.3	33.5	34.6	0.2
Owner-Occupied Units by Geography	485,216	4.4	18.6	33.9	43.1	0.0
Occupied Rental Units by Geography	342,882	13.9	30.9	33.2	21.6	0.4
Vacant Units by Geography	79,676	8.9	19.6	32.0	38.8	0.6
Businesses by Geography	170,843	8.8	22.0	29.9	37.5	1.8
Farms by Geography	5,057	4.5	17.0	33.3	44.8	0.4
Family Distribution by Income Level	550,356	23.8	16.5	18.3	41.4	0.0
Household Distribution by Income Level	828,098	25.3	15.6	17.2	41.9	0.0
Median Family Income MSA - 40900 Sacramento-Roseville-Folsom, CA MSA		\$71,829	Median Housing Value			\$284,314
Median Family Income MSA - 49700 Yuba City, CA MSA		\$54,931	Median Gross Rent			\$1,095
Median Family Income Non-MSAs - CA		\$56,948	Families Below Poverty Level			12.1%
<i>Source: 2015 ACS and 2019 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>						

As of 2019, the AA's 170,843 businesses reported gross annual revenues (GARs) as follows:

- 87.0 percent reported \$1.0 million or less;
- 4.1 percent reported more than \$1.0 million; and
- 8.9 percent did not report revenues.

Additionally, as of 2019, the AA's 5,057 farms reported GARs as follows:

- 94.1 percent reported \$1.0 million or less;
- 3.8 percent reported more than \$1.0 million; and
- 2.1 percent did not report revenues.

According to the 2019 D&B data, services represent the largest industry at 42.1 percent of businesses. This is followed by non-classified establishments at 14.9 percent; retail trade at 11.7 percent; finance, insurance and real estate at 9.0 percent; and construction at 8.5 percent. In addition, 66.6 percent of area businesses have 4 or fewer employees, and 90.5 percent operate from a single location.

The Federal Financial Institutions Examiner Council (FFIEC) publishes annual estimates of median family incomes by MSAs and nonmetropolitan areas. The following table shows FFIEC estimated 2018 and 2019 median family incomes in the AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Sacramento--Roseville-Folsom, CA MSA Median Family Income (40900)				
2018 (\$80,400)	<\$40,200	\$40,200 to <\$64,320	\$64,320 to <\$96,480	≥\$96,480
2019 (\$84,000)	<\$42,000	\$42,000 to <\$67,200	\$67,200 to <\$100,800	≥\$100,800
Yuba City, CA MSA Median Family Income (49700)				
2018 (\$60,000)	<\$30,000	\$30,000 to <\$48,000	\$48,000 to <\$72,000	≥\$72,000
2019 (\$59,500)	<\$29,750	\$29,750 to <\$47,600	\$47,600 to <\$71,400	≥\$71,400
CA Non Metropolitan Areas Median Family Income (99999)				
2018 (\$59,700)	<\$29,850	\$29,850 to <\$47,760	\$47,760 to <\$71,640	≥\$71,640
2019 (\$64,800)	<\$32,400	\$32,400 to <\$51,840	\$51,840 to <\$77,760	≥\$77,760
<i>Source: FFIEC</i>				

The Bureau of Labor Statistics (BLS) provides data on changes in unemployment rates. Unemployment rates in California and the United States decreased from 2018 to 2019, with the state unemployment rate slightly higher than the national average each year. The AA experienced consistent unemployment rates ranging from a low of 3.5 percent to a high of 7.2 percent during 2018 and 2019. In 2020, the AA, state, and the nation experienced significant increases in unemployment rate with the AA unemployment rate increased as high as 10.7 percent, due to the onset of COVID-19 pandemic.

The following table shows the unemployment rates for the AA, California, and nation-wide for all three years.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Sacramento-Roseville-Arden-Arcade, California MSA #40900	3.8	3.6	8.9
Yuba City, California MSA #49700	7.2	6.8	10.7
Nevada County (non-metropolitan area)	3.5	3.3	8.3
State of California	4.3	4.2	10.2
National Average	3.9	3.7	8.1
<i>Source: Bureau of Labor Statistics</i>			

Sacramento-Roseville-Arden-Arcade, California MSA

According to the November 2020 Moody's Analytics Precis Report, the MSA has started an economic recovery, but conditions remain worse than before the pandemic started. The area has a significant reliance on government jobs primarily because it is home to the state capital. While government employment also decreased due to the pandemic, it did not experience as severe an impact as other industries. Additionally, the State of California had built up its rainy-day funds significantly before the pandemic, which has allowed for less budget cuts and more stable employment for government workers. However, private businesses are still struggling and continue to face closures and COVID-19 related restrictions. The top industries by employment are government, education and health services, and professional and business services, which represent 23.7 percent, 16.3 percent, and 13.2 percent of total employment. The top employers in the MSA are the University of California-Davis, Sutter Health, and Kaiser Permanente.

Yuba City, California MSA

According to the July 2020 Moody's Analytics Precis Report, Yuba City MSA is still in a recession and yet to enter a true recovery. The major economic drivers in the areas are agriculture and defense. The primary crops produced in the area include walnuts, almonds, plums, and peaches. These crops generally require more labor intensive harvesting and farming operations have continued to experience worker shortages. The area also has a large military base, which provides a means of stability and higher income jobs. The top industries by employment are government, education and health services, and retail trade, which represent 26.5 percent, 18.8 percent, and 12.6 percent, respectively of total employment. The top employers in the MSA are Fremont-Rideout Health Group, Sunsweet Growers, and Beale Air Force Base.

Competition

The market for financial services is highly competitive. According to the June 30, 2020 Deposit Market Share Report, 38 institutions operated 371 branches and held \$66.1 billion in deposits within the AA. TCB's deposit market share represents 1.7 percent of total deposits. The top financial institutions by market share are large national lenders including Wells Fargo Bank, U.S. Bank, and Bank of America, which hold a combined 53.0 percent of deposits in the AA.

Community Contact

Examiners conducted a community contact that serves the AA. The contact is a non-profit small business development company (SBDC) that help builds the community through business training, education, resources, and access to capital for small business entrepreneurs. This SBDC administers the California's Small Business Loan Program and the Jumpstart Microloan program. The contact indicated that opportunities exist for financial institutions to provide loans or technical assistance to small businesses in low-income areas impacted by the COVID-19 pandemic.

In addition, the contact noted that several financial institutions have developed community capital programs, focused on organizations that are minority-led or led by women furthering diversity initiatives. More investment is needed in these type of organizations who work with small businesses and low- and moderate-income communities. Local financial institutions can also

provide their financial expertise and technical assistance in preparing loan applications and business plans.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contact, bank management, and demographic and economic data, examiners determined that there is a need for small business lending such as working capital, short-term loans and flexible loan programs. Opportunities are available for financial institutions to enter into partnerships with small business and economic development organizations to provide funds and technical assistance to small businesses. According to the 2019 D&B data, 87.0 percent of the businesses reported revenues of \$1 million or less. Approximately, 38.8 percent of these businesses are in low- and moderate-income census tracts.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SACRAMENTO ASSESSMENT AREA

LENDING TEST

TCB lending demonstrates good performance under the Lending Test in the Sacramento AA. This conclusion is primarily supported by good Geographic Distribution performance, adequate Borrower Profile performance, as well as a relatively high level of community development lending activities.

Lending Activity

TCB's lending levels reflect good responsiveness to credit needs in the Sacramento AA. During the review period, the bank originated 844 small business loans totaling \$139.8 million in the Sacramento AA. Of all small business loans originated in the bank's AAs, 29.0 percent were in the AA. This level of small business lending activity represents a decrease from the previous evaluation, where 1,431 small business loans were made in the AA. In July 2018, TCB implemented an initiative to provide Evergreen loan products to all business customers where renewals would no longer be required as long as the borrower remains in conformance with the original line agreement. This change decreases the number of small business loans eligible for reporting. There is a relatively high level of competition for small business loans in the AA. In 2019, 141 lenders reported 59,636 small business loans. Of these institutions, TCB ranked 17th with 0.6 percent of the AA market share by number.

TCB's home mortgage lending during the review period was 952 home mortgage loans totaling \$232.6 million in the Sacramento AA. Of all home mortgage loans originated in the bank's AAs, 23.2 percent by number were made in the Sacramento AA. This level of lending activity represents a significant increase from the previous evaluation, where 535 home mortgage loans were made in the AA. According to the 2019 Institution Market Share Reports for HMDA reported loans, the bank ranked 34th in market share of 656 lenders with 0.5 percent of all home mortgage loans originated or purchased in the Sacramento AA.

During the review period, TCB originated 41 small farm loans totaling \$6.7 million in the AA. The Sacramento AA farm lending comprises 10.5 percent of the bank's small farm lending activity

throughout all AAs based on number of loans. Small farm lending decreased since the previous evaluation where 82 small farm loans originated within the Sacramento AA, reflecting the impact from TCB's Evergreen lending initiative from 2018. The 2019 Institution Market Share Report for small farm lending indicates that 25 institutions reported 745 originated or purchased small farm loans in the AA, and TCB is ranked 10th in market share. In addition to competition with farm lending institutions, TCB competes for farm financing opportunities with the Farm Credit System (FCS) through the Farm Credit Administration that offers highly competitive options for agricultural lending.

Geographic Distribution

Overall, TCB's geographic distribution of loans reflects good penetration throughout the Sacramento AA. This conclusion is supported by a distribution of small business lending that reflects excellent penetration, a distribution of home mortgage loans that reflects poor penetration, and a distribution of small farm loans that reflects adequate performance.

Small Business Loans

The geographic distribution of small business loans throughout the Sacramento AA reflects excellent penetration. The following table shows the bank's geographic distribution of small business loans by CT income level.

Geographic Distribution of Small Business Loans						
Sacramento Assessment Area						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	8.8	7.7	38	10.4	11,082	15.8
Moderate						
2019	22.0	20.8	110	30.2	24,751	35.3
Middle						
2019	29.9	29.1	93	25.6	16,110	22.9
Upper						
2019	37.5	41.5	121	33.2	17,011	24.2
Not Available						
2019	1.8	1.0	2	0.6	1,250	1.8
Totals						
2019	100.0	100.0	364	100.0	70,204	100.0
<i>Source: 2019 D&B Data; Bank Data; 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

TCB's small business lending in low-income CTs exceeds aggregate lenders by 2.7 percent and the percentage of businesses by 1.6 percent. Small business lending in moderate-income CTs significantly exceeds aggregate lenders performance by 9.4 percent and the percentage of businesses by 8.2

percentage points. TCB’s geographic distribution is consistent throughout low- and moderate-income geographies and reflects favorably on lending opportunities presented by the number of businesses within low- and moderate-income tracts.

Home Mortgage Loans

The geographic distribution of TCB’s home mortgage loans reflects poor penetration throughout the AA. The following table shows the bank’s geographic distribution of home mortgage lending by CT income levels.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Sacramento AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	4.4	5.3	13	2.5	2,903	2.0
Moderate						
2019	18.6	17.6	68	13.4	21,835	15.1
Middle						
2019	33.9	32.2	156	30.7	36,537	25.3
Upper						
2019	43.1	44.9	270	53.2	60,377	41.7
Not Available						
2019	0.0	0.0	1	0.2	23,000	15.9
Totals						
2019	100.0	100.0	508	100.0	144,652	100.0

*Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

TCB’s home mortgage lending in low-income CTs was below aggregate by 2.7 percent and below the percentage of owner occupied housing units. Mortgage lending in moderate-income CTs was also below aggregate lenders and the percentage of owner occupied housing units by 4.2 percent and 5.2 percent, respectively. The bank’s level of home mortgage lending, particularly in moderate-income CTs reflects an overall poor level of lending performance.

Small Farms Loans

The geographic distribution of small farm loans reflects adequate penetration throughout the AA. The following table shows the bank’s geographic distribution of small farm lending by CT income level.

Geographic Distribution of Small Farm Loans						
Assessment Area: Sacramento AA						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	4.5	1.7	1	5.3	100	4.0
Moderate						
2019	17.0	10.8	1	5.3	26	1.0
Middle						
2019	33.3	34.8	10	52.6	1,253	49.7
Upper						
2019	44.8	52.7	7	36.8	1,144	45.3
Not Available						
2019	0.4	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	19	100.0	2,523	100.0

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

TCB's small farm lending performance in low-income CTs exceeds aggregate lenders by 3.6 percent and is slightly above the percentage of small farms in low-income tracts. The bank's record of small farm lending in moderate-income CTs is 5.5 percent below aggregate lenders and is significantly below the percent of small farms in moderate-income CTs. In addition, due to nominal lending volume, one or two loans could skew the performance ratios up or down significantly in comparison to aggregate in the AA. In addition, small farm lending is not a major focus of the bank's lending in the Sacramento AA. Considering these factors, the bank performance is considered adequate.

Borrower Profile

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

Small Business Loans

The distribution of small business loans reflects adequate penetration among business customers of different revenue sizes. The following table shows the distribution of TCB's small business lending by GARs.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Sacramento AA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	87.0	49.4	158	43.4	25,110	35.8
>1,000,000						
2019	4.1	--	206	56.6	45,094	64.2
Revenue Not Available						
2019	8.9	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	364	100.0	70,204	100.0
<i>Source: 2019 D&B Data; Bank Data; 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

TCB's performance is 6.0 percentage points below aggregate lenders and approximately 44.0 percentage points below demographic data. The bank's 2019 small business lending percentage of businesses with GAR of \$1 million or less is slightly above the bank's performance of 43.1 percent in 2017 and 41.5 percent in 2018. Peer lending data or actual small business lending opportunities in the AA are significantly fewer than the percentage of businesses in the AA. The percentage of businesses in the AA includes all small businesses, not just those seeking commercial financing. Furthermore, the bank reflects a consistent performance over the prior periods, and the bank penetration relative to aggregate lenders all supports the bank's adequate small business lending performance.

Home Mortgage Loans

The distribution of home mortgage loans reflects adequate penetration to borrowers of different income levels. The following table shows the distribution of TCB's home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Sacramento AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	23.8	3.3	29	5.7	2,613	1.8
Moderate						
2019	16.5	12.8	49	9.6	6,244	4.3
Middle						
2019	18.3	21.8	101	19.9	15,434	10.7
Upper						
2019	41.4	44.9	268	52.8	60,653	41.9
Not Available						
2019	0.0	17.3	61	12.0	59,709	41.3
Totals						
2019	100.0	100.0	508	100.0	144,653	100.0
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

The bank's lending performance to low-income borrowers is 2.4 percentage points above aggregate lenders; however, is below the percentage of low-income families by 18.1 percent. The bank's lending to low-income borrowers is adequate considering the high percentage of families living below poverty level at approximately 13.0 percent. In contrast, the bank's lending to moderate-income borrowers is approximately 3.2 percentage points below aggregate lenders, and approximately 7.0 percentage points below the percentage of moderate-income families. During 2018, the bank's lending to low-income borrowers was lower at 4.5 percent and lending was higher to moderate-income borrowers at 12.2 percent. As a result, the distribution of home mortgage loans in the AA is adequate.

Small Farms Loans

The distribution of loans to small farms reflects excellent penetration among farms of different revenue sizes. The following table shows the distribution of the bank's small farm lending by GAR.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Sacramento AA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	94.1	54.4	16	84.2	2,143	84.9
>1,000,000						
2019	3.8	--	2	10.5	180	7.1
Revenue Not Available						
2019	2.1	--	1	5.3	200	8.0
Totals						
2019	100.0	100.0	19	100.0	2,523	100.0
<i>Source: 2019 D&B Data; Bank Data; 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

The bank's lending performance to small farms exceeds aggregate performance by 29.8 percent and is 9.9 percent below small farms in the AA. Demographic data indicates the AA has numerous opportunities for small farms with GARs of \$1 million or less and the bank's performance demonstrates an excellent responsiveness to those opportunities particularly in comparison to the aggregate lenders.

Community Development Loans

TCB made a relatively high level of community development loans in the Sacramento AA. The bank made 29 community development loans totaling \$33.2 million during the evaluation period. TCB's performance represents an increase by number and a decrease by dollar amount of community development loans in the AA since the last evaluation, where the bank made 22 community development loans totaling \$38.6 million. The following table shows the bank's community development lending by year and purpose.

Community Development Lending - Sacramento AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	2	650	3	2,031	0	0	2	3,700	7	6,381
2019	2	4,750	4	550	3	5,288	6	10,728	15	21,316
2020	2	1,198	3	3,003	2	1,307	0	0	7	5,508
YTD 2021	0	0	0	0	0	0	0	0	0	0
Total	6	6,598	10	5,584	5	6,595	8	14,428	29	33,205
<i>Source: Bank Records</i>										

Community development loans originated in the Sacramento AA represents 20.4 percent by number and 15.3 percent by dollar volume of the all qualified community development loans originated during the evaluation period. These loans are responsive to identified credit needs within the AA by providing funds for affordable housing and low- and moderate-income families and individuals. Below are notable examples of CD loans originated in the Sacramento AA during the review period.

- The bank provided a \$1.4 million refinancing loan for building improvements. The building is located in a low-income CT and resides in a special planning district created to revitalize and stabilize this commercial area. This business supports the community by providing services and jobs.
- The bank provided 3 short-term capital loans totaling \$750,000 to a non-profit that benefits low- and moderate-income families and seniors by developing, building and managing affordable housing in both Placer and Nevada counties.
- The bank provided a \$2.5 million loan to refinance a Travelodge hotel in a low-income CT. This hotel attracts tourists improving the local economy in Yuba City by providing local residents with jobs.

INVESTMENT TEST

TCB's Investment Test performance in the Sacramento AA is good.

Investment and Grant Activity

TCB has a significant level of qualified investments and grants, although occasionally in a leadership position within the Sacramento AA. During the evaluation period, the bank made approximately \$13.6 million, both new and prior period investments, grants and donations. This amount of investment presents a slight decline compared to the previous evaluation where the bank made or held \$15 million in qualified investments and grants. The banks investment and grant activity in the Sacramento AA is supported each community development category; however, the majority of qualified investments benefited affordable housing and the majority of donations benefited community services. TCB's qualified investments are not generally innovative or complex and are readily available to investors.

Examiners noted that approximately 17.0 percent of the overall qualified investments, grants and donations benefited the Sacramento AA. A majority of the investments represented are prior period investments that continue to provide affordable housing benefit to the Sacramento AA. The level of donation and grant activity remained relatively the same compared to the last examination.

The following table illustrates qualified investments and donations made or held during the review period in the Sacramento AA:

Qualified Investments and Donations – Sacramento AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	8	8,608	0	0	0	0	0	0	8	8,608
2018	1	905	0	0	1	2,000	0	0	2*	2,905
2019	2	900	0	0	0	0	0	0	2*	900
2020	0	0	1	906	0	0	0	0	1	906
YTD 2021	0	0	0	0	0	0	0	0	0	0
Subtotal	11	10,413	1	906	1	2,000	0	0	13	13,319
Qualified Grants & Donations	22	76	25	102	10	54	1	5	58	237
Total	33	10,489	26	1,008	11	2,054	1	5	71	13,556

*Source: Bank Records; * Reflects portion of funds allocated from an affordable housing investment that was allocated to multiple assessment areas.*

Notable example of new investments that directly impact the Sacramento AA include the following:

- In 2018, the bank made a new investment of \$2.0 million in an SBIC that leverages SBA funding in support of economic development in the Sacramento area.
- The bank invested \$904,987, in a CRA Investment Fund security that invests in MBSs that benefit affordable housing development in the Sacramento AA. For applicants to qualify to occupy the affordable housing complex, they must have income no greater than 80.0 percent of the median area income.

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and community economic development needs. Economic development was a major credit need identified by community contacts, as well as small or start-up business development.

Community Development Initiatives

TCB occasionally uses innovative and/or complex investments to support community development initiatives. The bank's qualified investments are useful and help promote community development; however, most are not innovative.

SERVICE TEST

TCB's Service Test performance in the Sacramento AA is adequate.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the bank’s Sacramento AA. TCB operates 12 traditional branches, 3 in-store branches, and 1 LPO in this AA. Additionally, TCB operates 16 deposit-taking ATMs within the AA. The bank’s branch distribution and alternative delivery systems are consistent with the overall bank’s performance. The following table shows the branch and ATM locations within the AA.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	46	9.3	207,315	8.9	0	0	0	0
Moderate	121	24.3	557,529	24.2	3	20.0	3	18.7
Middle	163	32.7	751,405	32.6	6	40.0	6	37.5
Upper	166	33.3	788,260	34.2	5	33.3	5	31.3
NA	2	0.4	2,177	0.1	1	6.7	2	12.5
Total	498	100	2,306,686	100	15	100	16	100

Source: 2015 ACS Data; Bank Data

Branches in low-income and moderate-income geographies represents 20.0 percent of its total branch network within this AA. This percentage is reasonable given the demographic data for moderate-income CTs and population.

Changes in Branch Locations

To the extent changes were made, the bank’s record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies. The bank closed one branch located in a middle-income CT during the evaluation period.

Reasonableness of Business Hours and Services

Services and business hours do not vary in way that inconveniences certain portions of the AA, particularly in low- and moderate-income geographies and or individuals. Products and services in the AA are consistent with the institution overall. Most branch offices are open Monday-Thursday from 9:00 a.m. to 5:00 p.m., with some open to 6:00 p.m. and Friday from 9:00 a.m. to 6:00 p.m. In addition, seven branches are open on Saturday from 9:00 a.m. to 1:00 p.m. and three are open until 6:00 p.m.

Community Development Services

TCB provides an adequate level of community development services in the Sacramento AA. The following table shows the number of instances by year and by community development purpose.

Community Development Services - Sacramento AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018 (Partial)	2	32	1	0	35
2019	14	58	2	0	74
2020	4	28	0	0	32
YTD 2021	0	0	0	0	0
Total	20	118	3	0	141
<i>Source: Bank Data</i>					

During the evaluation period, 18 bank employees provided 141 instances of financial expertise or technical assistance to 24 organizations in the AA for a total of 962.5 hours. This represents approximately 32.0 percent of the total organization, 26.8 percent of the total instances, and 23.3 percent of total hours conducted throughout the bank-wide AAs, which corresponds with the bank’s operations and capabilities.

The majority of the activities are targeted towards community services that primarily serve the needs of low- and moderate-income individuals. The number of hours increased since the previous evaluation from 715 to 962.5 hours. The following are notable examples of community development services provided by bank employees within the Sacramento AA during the evaluation period:

- Three bank employees volunteered for an organization that offers programs and services to low- and moderate-income families to encourage family enrichment and empowerment. The bank employees collectively provided 117.5 hours of service by serving as a Board member and providing financial education and technical assistance.
- One bank employee serves on the Board of an organization that provides comprehensive health care services to children, the majority of whom belong to families that are low- and moderate-income individuals, underinsured, or uninsured. During the evaluation period, the bank associate provided 239 hours of community development service to this organization.

BUTTE ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN BUTTE ASSESSMENT AREA

The Butte AA consists of Butte County, which is comprised of the Chico, California MSA #17020. The AA boundaries remain unchanged since the last evaluation. TCB operates 7 traditional branches, 1 in-store branch, and 2 support offices (for courier and messenger services) as of the evaluation date.

Economic and Demographic Data

The Butte AA consists of 51 CTs: 2 low-, 14 moderate-, 24 middle-, and 11 upper-income CTs. The following table shows select demographic, housing, and business information of the Butte AA.

Demographic Information of the Assessment Area						
Butte AA						
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	14,624	1.4	27.0	44.9	26.7	0.0
Farms by Geography	962	0.8	17.9	41.4	39.9	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%

Source: 2015 ACS and 2019 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.

As of 2019, the AA’s 14,624 businesses reported GARs as follows:

- 86.3 percent reported \$1.0 million or less;
- 4.2 percent reported more than \$1.0 million; and
- 9.5 percent did not report revenues.

Additionally, as of 2019, the AA’s 962 farms reported GARs as follows:

- 94.1 percent reported \$1.0 million or less;
- 4.5 percent reported more than \$1.0 million; and
- 1.5 percent did not report revenues.

According to the 2019 D&B data, services represent the largest industry at 39.7 percent of businesses. This is followed by non-classified establishments at 13.9 percent; retail trade at 13.2 percent; construction at 9.0 percent; and finance, insurance and real estate at 7.6 percent. In addition, 66.2 percent of area businesses have 4 or fewer employees, and 90.0 percent operate from a single location.

The FFIEC’s annual estimates of median family incomes are shown in the table below.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Chico, CA MSA Median Family Income (17020)				
2018 (\$60,500)	<\$30,250	\$30,250 to <\$48,400	\$48,400 to <\$72,600	≥\$72,600
2019 (\$66,500)	<\$33,250	\$33,250 to <\$53,200	\$53,200 to <\$79,800	≥\$79,800
<i>Source: FFIEC</i>				

Data obtained from the BLS illustrates changes in unemployment rates. Unemployment rates in California and the United States decreased from 2018 to 2019, with state unemployment slightly higher than the national average each year. The AA experienced consistent unemployment rates of 5.1 percent during 2018 and 2019. In 2020, the AA, state, and nation experienced significant increases in unemployment with the AA increase as high as 9.2 percent; however, lower than the statewide rate. These increases are attributed to the onset of COVID-19.

The following table shows the unemployment rates for the AA, California, and nation-wide for all three years.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Chico MSA #170202	5.1	5.1	9.2
State of California	4.3	4.2	10.2
National Average	3.9	3.7	8.1
<i>Source: Bureau of Labor Statistics</i>			

According to the November 2020 Moody’s Analytics Precis Report, the Chico MSA is has started to recover from the depths of the pandemic, but has faced significant struggles. In 2018, the MSA lost approximately 15.0 percent of all housing units due to a devastating wildfire. This also caused a loss of about 5.0 percent of the population in the area. Rebuilding is helping to bring jobs and economic activity to the MSA, but only about 500 of the 14,000 destroyed units have been rebuilt. The pandemic has strained rebuilding efforts and had other adverse effects. Chico is home to California State University-Chico and all classes are still being held online through spring 2021. This has had an impact on areas economy as students have been kept off campus and businesses are missing student spending. Home prices in the MSA have jumped even through 2020, as the existing supply has not been able to keep up with demand. The top industries by employment are education and health services, government, and retail trade, which represent 22.9 percent, 20.5 percent, and 13.3 percent of total employment, respectively. The top employers in the MSA are Enloe Medical Center; Oroville Hospital; and California State University, Chico.

Competition

The market for financial services is moderately competitive. According to the June 30, 2020 Deposit Market Share Report, 12 institutions operated 40 branches and held \$5.8 billion of deposits within the AA. The bank maintains the most branches in the AA and enjoys the highest share of deposits at 22.0 percent. TCB, Wells Fargo Bank, and Bank of America are the top deposit holding institutions in the AA, holding a combined 53.3 percent of deposits in the AA.

Community Contact

Examiners conducted one community contact that serves the AA. The contact focuses on economic development planning and is a coordinating agency for the Tri-County region composed of Butte, Glenn, and Tehama counties. The contact indicated that affordable housing and economic development is a pressing need as the landscape of Butte County has drastically changed due to the 2018 Camp Fire. Housing and homelessness continues to be a challenge for the area.

Credit and Community Development Needs and Opportunities

Community contact information, bank management, and demographic and economic data was used to determine that affordable housing and economic development represent a primary credit needs for the AA. Opportunities exist for originating affordable housing and economic loans throughout the AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN BUTTE ASSESSMENT AREA

LENDING TEST

TCB's lending demonstrates an excellent performance under the Lending Test. This conclusion is primarily supported by a good Geographic Distribution performance, an excellent Borrower Profile performance, and leadership in community development lending activities.

Lending Activity

TCB's lending reflects good responsiveness to Butte AA credit needs. During the evaluation period, the bank originated 372 small business loans totaling \$60.3 million. Of all small business loans originated in the bank's AAs, 12.8 percent were in the AA. This level of small business lending activity represents a decrease from the previous evaluation, where 710 small business loans were originated in the AA. TCB's home mortgage lending during the review period was 783 home mortgage loans totaling \$184.1 million in the Butte AA. Of all home mortgage loans originated in the bank's AAs, 19.1 percent by number were located in the Butte AA. This level of lending activity represents an increase from the previous evaluation, where 563 home mortgage loans were originated in the AA. TCB originated 78 small farm loans totaling \$12.6 million in the AA. The lending volume equated to 19.9 percent of the bank's small farm lending activity throughout all AAs based on number of loans.

In July 2018, TCB implemented an initiative to provide Evergreen loan products to all business customers where renewals would no longer be required as long as the borrower remains in conformance with the original line agreement. This change decreases the number of small business loans eligible for reporting. There is a relatively high level of competition for small business loans in the AA. In 2019, 59 lenders reported 4,543 small business loans. Of these institutions, TCB ranked 8th with 3.9 percent of the AA market share by number.

Competition for home mortgage loans is strong in the AA. According to the 2019, Institution Market Share Reports for home mortgage reported loans, TCB ranked 4th in market share of 302 lenders with 6.0 percent of all home mortgage loans originated or purchased in the Butte AA. The 2019 Institution Market Share Report for small farm lending indicates that 13 institutions reported 217 originated or purchased small farm loans in the AA, and TCB is ranked 3rd in market share. In addition to competition with farm lending institutions, TCB competes for farm financing opportunities with FCS that offers highly competitive options for agricultural lending.

Geographic Distribution

Overall, TCB's geographic distribution of loans reflects good penetration through the Butte AA. This conclusion is supported by a distribution of small business loans that reflects excellent performance, a distribution of home mortgage loans that reflects adequate performance, and a distribution of small farm that reflects good performance.

Small Business Loans

The geographic distribution of small business loans within the Butte AA reflects excellent penetration. The following table shows the bank’s geographic distribution of small business loans by CT income level.

Geographic Distribution of Small Business Loans						
Butte AA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	1.4	1.4	5	2.8	1,760	6.2
Moderate						
2019	27.0	23.1	52	29.6	6,805	24.2
Middle						
2019	44.9	40.7	65	36.9	9,087	32.3
Upper						
2019	26.7	34.8	54	30.7	10,497	37.3
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	176	100.0	28,149	100.0

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

Small business lending activity in low-income CTs exceeded aggregate performance by 1.4 percent and reflects good responsiveness to the level of business opportunity. TCB’s small business lending in moderate-income CTs reflects excellent penetration also exceeding aggregate performance by 6.4 percent. Small business lending activity throughout the review period was consistent with an upward trend.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the AA. The following table shows the bank’s geographic distribution of home mortgage lending by CT income level.

Geographic Distribution of Home Mortgage Loans						
Butte AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	0.9	1.3	3	0.8	203	0.2
Moderate						
2019	20.3	17.8	50	13.2	12,904	10.3
Middle						
2019	51.6	39.9	105	27.6	24,461	19.6
Upper						
2019	27.2	41.0	222	58.4	87,221	69.9
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	380	100.0	124,789	100.0
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

TCB's record of home mortgage lending in low- and moderate-income CTs during the review period reflects adequate penetration in the AA. TCB's reported home mortgage loans in low-income CT trailed aggregate performance with less than 1.0 percent below that of reported lenders. TCB's home mortgage lending aligns with the percentage of owner-occupied housing units located in low-income CT. For home mortgage loans in moderate-income CT, TCB was below aggregate and owner-occupied housing units performance. Home prices in the Chico MSA have jump as existing supply of homes have not kept pace with demand. Additionally, the 2018 Camp Fire continues to impact housing in the AA. Overall, the bank's home mortgage lending activity was consistent during the review period and reflects adequate penetration given the challenges with affordable housing.

Small Farms Loans

The geographic distribution of small farm lending reflects good penetration within the Butte AA. The following table shows the bank's geographic distribution of small farm lending by CT income level.

Geographic Distribution of Small Farm Loans						
Butte AA						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	0.8	1.0	0	0.0	0	0.0
Moderate						
2019	17.9	15.8	8	21.6	2,252	33.1
Middle						
2019	41.4	43.4	9	24.3	1,432	21.1
Upper						
2019	39.9	39.8	20	54.1	3,116	45.8
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	37	100.0	6,800	100.0
<i>Source: 2019 D&B Data; Bank Data; 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

TCB did not make any small farm loans in low-income CTs due to limited opportunity in low-income tracts, as is shown in both aggregate and demographic data in the table above. Small farm lending in moderate-income CTs exceeded aggregate performance by 5.8 percent demonstrating the bank's good responsiveness to both opportunity and need. TCB's small farm lending is trending upward during the review period and overall reflects good penetration.

Borrower Profile

The distribution of borrowers reflects excellent penetration among retail customers of different income levels, and business and farm customers of different revenue sizes within the Butte AA. This conclusion is primarily supported by good penetration of small business loans, and excellent penetration for home mortgages and small farm loans.

Small Business Loans

The distribution of small business loans within the Butte AA reflects good penetration among business customers of different revenue sizes. The following table shows the distribution of small business lending by GARs.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Butte AA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	86.3	49.6	98	55.7	9,027	32.1
>1,000,000						
2019	4.2	--	74	42.0	18,272	64.9
Revenue Not Available						
2019	9.5	--	4	2.3	850	3.0
Totals						
2019	100.0	100.0	176	100.0	28,149	100.0
<i>Source: 2019 D&B Data; Bank Data; 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

TCBs small business lending activity exceeds aggregate performance by 6.1 performance. The percentage of businesses with GARs of \$1 million or less show there are a large amount of business with revenues equal to or less than \$1.0 million. Demographic data and community contacts indicate availability of opportunities and needs for lending to small businesses. This information further supports the bank's excellent small business lending performance.

Home Mortgage Loans

TCB's home mortgage lending in the Butte AA reflects excellent penetration to borrowers of different income levels. The following table shows the distribution of TCBs home mortgage lending by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Butte AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	22.9	3.2	33	8.7	2,557	2.1
Moderate						
2019	16.7	12.6	44	11.6	6,110	4.9
Middle						
2019	19.0	20.7	54	14.2	7,898	6.3
Upper						
2019	41.4	49.3	200	52.6	38,075	30.5
Not Available						
2019	0.0	14.2	49	12.9	70,149	56.2
Totals						
2019	100.0	100.0	380	100.0	124,789	100.0
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

TCBs lending performance to low-income borrowers is 5.5 percentage points above aggregate performance, but is significantly below the percentage of low-income families by over approximately 14.0 percentage points. The bank’s lending to moderate-income borrowers is 1.0 percent below aggregate lenders and 6.1 percent below moderate-income families. Although not shown in the table, in 2018, the bank’s lending performance is 1.6 percentage points above aggregate lending data in both low- and moderate-income categories. During 2018, the bank’s lending consistently exceeded performance of aggregate reporters.

Small Farms Loans

TCB’s record of lending to farms of different revenue sizes reflects excellent penetration within the Butte AA. The following table shows the distribution of the bank’s small farm lending by GAR.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Butte AA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	94.1	59.6	32	86.5	6,020	88.5
>1,000,000						
2019	4.5	--	5	13.5	780	11.5
Revenue Not Available						
2019	1.5	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	37	100.0	6,800	100.0

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

The bank’s lending performance exceeds aggregate lending data by nearly 27.0 percentage points, and trails lending performance with the demographic farm data. The bank’s small farm lending performance is in alignment with the level of opportunity in the AA.

Community Development Loans

TCB made an outstanding level of community development loans in the Butte AA. The bank originated 15 community development loans totaling \$67.7 million during the evaluation period. The level of lending represents a significant increase from the last evaluation, where the bank had made 4 community development loans totaling \$6.2 million. The loans originated demonstrates high responsiveness to identified community service needs; however, these loans are not innovative or complex.

Community Development Lending – Butte AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	1	100	3	5,100	2	3,173	0	0	6	8,373
2019	0	0	5	30,709	1	245	1	28,000	7	58,954
2020	0	0	1	139	0	0	1	195	2	334
YTD 2021	0	0	0	0	0	0	0	0	0	0
Total	1	100	9	35,948	3	3,418	2	28,195	15	67,661

Source: Bank Records

Below are notable examples of community development loans originated in the Butte AA during the review period.

- In 2018, the bank originated a \$4.5 million refinance of a commercial building in a moderate-income CT. Major tenant provides essential medical outpatient services to low- and moderate-income individuals and/or families.
- In 2019, the bank originated a \$44 million participation loan with another financial institution (\$28 million is TCB's participation amount). TCB took a leadership role in partnering with another financial institution in response to a critical housing shortage that left many Paradise families homeless as a result of the 2018 Camp Fire. The credit facility is a construction to permanent loan to build a 257 -unit apartment complex.

INVESTMENT TEST

The bank's Investment Test performance in the Butte AA is good.

Investment and Grant Activity

The bank has a significant level of qualified community development investments and grants, although rarely in a leadership position, within the Butte AA. Current period qualified investments, grants and donations, and active prior period investments address affordable housing, community services, economic development and revitalization or stabilization needs in the Butte AA. The majority of these investments address affordable housing. While the bank does not have any revitalization or stabilization investments, the leading category for donations and grants was revitalization or stabilization, at approximately \$1.5 million.

Including prior period investments still held, the bank had \$9.2 million in qualified investments, grants, and donations in the AA. This is an increase of \$3.6 million from the prior evaluation total of \$5.6 million, for the Butte AA. A majority of the growth was seen in the prior period investments that were originated in the prior evaluation period, and continue to provide benefit to the Butte AA. The level of new investment activity was maintained for the current period evaluation period. In addition, the level of donation and grant activity notably increased from the prior evaluation. The following table presents the bank's CD investment activity for the AA.

Qualified Investments and Donations - Butte AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	4	3,770	0	0	1	500	0	0	5	4,270
2018	1*	210*	1	500	0	0	0	0	2	710
2019	1*	600*	1	500	0	0	0	0	2	1,100
2020	0	0	1	500	1	500	0	0	2	1,000
YTD 2021	0	0	0	0	0	0	0	0	0	0
Subtotal	6	4,580	3	1,500	2	1,000	0	0	11	7,080
Qualified Grants & Donations	18	402	29	198	8	72	32	1,459	87	2,130
Total	20	4,982	32	1,698	10	572	32	1,459	98	9,210

*Source: Bank Records; *This assessment area was a recipient of investment affordable housing funds from both a CRA Investment Fund and Low Income Housing Tax Credit.*

Notable example of new investments that directly impact the Butte AA include:

- The bank made 3 deposits totaling \$1.5 million in a low-income and minority certified Community Development Financial Institutions that provides low- and moderate-income services.

Responsiveness to Credit and Community Development Needs

TCB exhibits good responsiveness to the credit and community economic development needs of the AA. A majority of investments in the AA are for affordable housing, an identified need of the area. The Butte AA represents 11.5 percent of the bank’s total community development investments and donations.

Community Development Initiatives

The institution occasionally uses innovative and/or complex investments to support community development initiatives. Refer to the bank-wide analysis for examples of notable qualified investments.

SERVICE TEST

The bank’s Service Test performance in the Butte AA is adequate.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the Butte AA. TCB operates six traditional, one in-store, one main office, and two support offices in this AA. Additionally, the bank operates 12 deposit-taking ATMs, 2 of which are standalone. The bank’s AA branch distribution

and alternative delivery systems are consistent with the bank-wide AA performance. The following table shows the branch and ATM locations within the AA.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	2	3.9	8,746	3.9	0	0	0	0
Moderate	14	27.4	58,271	26.2	2	28.6	5	41.7
Middle	24	47.1	103,789	46.6	3	42.8	4	33.3
Upper	11	21.6	51,758	23.3	2	28.6	3	25.0
NA	0	0	0	0	0	0	0	0
Total	51	100	222,564	100	7	100	12	100

Source: 2015 ACS Data; Bank Data

Although TCB does not have branch in low-income tract, its branch distribution in moderate-income geographies represent 28.6 percent of the total branch network in this AA. This percent compares favorably to the percentage of moderate-income CTs and population in the AA.

Changes in Branch Locations

To the extent changes have been made, the bank’s record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or individuals. The bank closed one branch in downtown Chico in April 2020. This branch was converted into a support office for bank operations. This support office remains in a moderate-income geography and has a standalone ATM. Closing of the downtown branch has no impact on low- and moderate-income geographies or individuals.

Reasonableness of Business Hours and Services

Service and business hours do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies and individuals. Products and services offered within the AA are consistent with bank-wide AA performance. All of the AA branch offices are open Monday-Thursday from 9:00 a.m. to 5:00 p.m. with some branches are open until 6:00 p.m. and Friday from 9:00 a.m. to 6:00 p.m. The one in-store branch is open Monday-Thursday from 10:00 a.m. to 7:00 p.m., Saturday from 9:00 a.m. to 6:00 p.m., and Sunday from 11:00 a.m. to 4:00 p.m.

Community Development Services

TCB provides an adequate level of community development services in the Butte AA. During the evaluation period, 16 bank employees provided 199 instances of financial expertise or technical assistance to 18 organizations in the AA for a total of 1,190.5 hours. This represents approximately 24.0 percent of the total organizations, 37.8 percent of total instances, and 28.9 percent of the total hours carried out within the bank’s AA, which corresponds with the bank’s operations and

capabilities. The following table illustrates the bank’s community development services provided in the AA during the evaluation period:

Community Development Services - Butte AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018 (Feb-Dec)	4	50	3	20	77
2019	0	58	7	6	71
2020	21	17	1	12	51
YTD 2021	0	0	0	0	0
Total	25	125	11	38	199
<i>Source: Bank Data</i>					

A majority of instances were targeted towards community services that primarily serve the needs of low- and moderate-income individuals, while the majority of service hours were targeted to revitalizing or stabilizing low- and moderate-income geographies or designated disaster areas. However, the bank’s number of service hours decreased since the previous evaluation from 1,352 to 1,190.5 hours. This decline is attributed to the COVID-19 pandemic with its mandatory stay-at-home orders and lack of travel. The following are notable examples of community development services provided by bank employees within the Butte AA during the review period:

- A bank employee served as a Board member for a medical center located in Butte County. During the evaluation period, this bank employee provided nearly 259 hours of community development services targeted toward community service for low- and moderate-income individuals.
- A bank employee served as a business advisor and then as a Board member for an organization, that provides community services related to disaster recovery in Butte County following the 2018 Camp Fire. The bank employee provided a total of 486 hours of community development service to the organization.

SHASTA-TEHAMA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SHASTA-TEHAMA ASSESSMENT AREA

The Shasta-Tehama AA consists of two whole contiguous counties, contained within the Redding-Red Bluff, California CSA #454; Shasta and Tehama Counties. The CSA is comprised of one MSA: Redding, California MSA #39820 (Shasta County); and one Non-MSA (Tehama County). TCB operates nine traditional branches, two in-store branches, and one LPO in the AA, which remains unchanged since the previous evaluation.

Economic and Demographic Data

The Shasta-Tehama AA consists of 59 CTs: 0 low-, 14 moderate-, 32 middle-, and 13 upper-income. The following table shows select demographic, housing, and business information of the Shasta-Tehama AA.

Demographic Information of the Assessment Area						
Shasta Tehama AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	59	0.0	23.7	54.2	22.0	0.0
Population by Geography	242,094	0.0	26.4	56.1	17.5	0.0
Housing Units by Geography	105,010	0.0	26.2	57.4	16.4	0.0
Owner-Occupied Units by Geography	59,339	0.0	20.9	58.4	20.7	0.0
Occupied Rental Units by Geography	33,740	0.0	35.2	53.8	11.0	0.0
Vacant Units by Geography	11,931	0.0	26.9	63.0	10.1	0.0
Businesses by Geography	17,565	0.0	25.6	58.4	16.0	0.0
Farms by Geography	935	0.0	26.4	62.0	11.6	0.0
Family Distribution by Income Level	61,300	22.5	18.8	19.6	39.2	0.0
Household Distribution by Income Level	93,079	24.6	16.9	17.4	41.2	0.0
Median Family Income MSA - 39820 Redding, CA MSA		\$55,749	Median Housing Value			\$203,158
Median Family Income Non-MSAs CA		\$56,948	Median Gross Rent			\$912
			Families Below Poverty Level			11.8%

*Source: 2015 ACS and 2019 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.*

As of 2019, the AA’s 17,565 businesses reported GARs as follows:

- 86.0 percent reported \$1.0 million or less;
- 4.3 percent reported more than \$1.0 million; and
- 9.8 percent did not report revenues.

Additionally, as of 2019, the AA’s 935 farms reported GARs as follows:

- 94.6 percent reported \$1.0 million or less;
- 2.6 percent reported more than \$1.0 million; and
- 2.9 percent did not report revenues.

According to the 2019 D&B data, services represent the largest industry at 39.0 percent of businesses. This is followed by non-classified establishments at 13.4 percent; retail trade at 12.4 percent; construction at 10.4 percent; and finance, insurance, and real estate at 7.0 percent. In addition, 67.7 percent of area businesses have 4 or fewer employees, and 89.7 percent operate from a single location.

The FFIEC’s annual estimates of median family incomes are shown in the table below. Estimates are provided for the MSA and nonmetropolitan areas.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Redding, CA MSA Median Family Income (39820)				
2018 (\$61,400)	<\$30,700	\$30,700 to <\$49,120	\$49,120 to <\$73,680	≥\$73,680
2019 (\$61,900)	<\$30,950	\$30,950 to <\$49,520	\$49,520 to <\$74,280	≥\$74,280
CA Non Metropolitan Area Median Family Income (99999)				
2018 (\$59,700)	<\$29,850	\$29,850 to <\$47,760	\$47,760 to <\$71,640	≥\$71,640
2019 (\$64,800)	<\$32,400	\$32,400 to <\$51,840	\$51,840 to <\$77,760	≥\$77,760
<i>Source: FFIEC</i>				

Data obtained from the BLS illustrates changes in unemployment rates. Unemployment rates in California and the United States decreased from 2018 to 2019, with state unemployment slightly higher than the national average each year. The AA experienced consistent unemployment rates ranging from a low of 4.7 percent to a high of 5.8 percent during 2018 and 2019. In 2020, the AA, state, and nation experienced significant increases in unemployment with the AA increase as high as 9.1 percent; however, lower than the statewide rate. These increases are attributed to the onset of COVID-19.

The following table shows the unemployment rates for the AA, California, and nation-wide for all three years.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Redding MSA #39820	5.0	4.7	8.7
Tehama County (non-metropolitan area)	5.8	5.6	9.1
State of California	4.3	4.2	10.2
National Average	3.9	3.7	8.1
<i>Source: Bureau of Labor Statistics</i>			

Shasta County- Redding MSA

According to the November 2020 Moody’s Analytics Precis Report, the Redding MSA has one of the oldest populations in California based on the median age of residents. The area’s median age is similar to the median age of retirement havens in the South and Southwest. The healthcare industry employs the most people in the MSA and serves a significant number of senior population and also serves as a regional healthcare hub. The businesses in the area continue to struggle due to pandemic restrictions, but there have been some bright spots. The area has a significant amount of natural timber resources and prices for lumber have surged recently. However, the areas agricultural products have relatively depressed prices. The top industries by employment are education and health services, government, and retail trade, which represent 22.4 percent, 19.9 percent, and 13.1 percent of total employment, respectively. The top employers in the MSA are Mercy Medical Center, J & A Food Services, and Holiday Markets.

Tehama County- Non-MSA

According to data obtained from Moody’s Analytics, Tehama County’s economy has continued to improve since the onset of the COVID-19 pandemic in early 2020. The median family income in the county continues to rise and the median housing price hit an all-time high of \$278,400 as of third-quarter 2020. The top industries by employment are transportation and utilities, government, and education and health services, which represents 32.0, 22.3, and 16.9 percent, respectively of total employment.

Competition

The market for financial services is moderately competitive. According to the June 30, 2020 Deposit Market Share Report, 13 institutions operated 49 branches and held \$4.9 billion of deposits within the AA. TCB maintains more branches than any other institution in the AA and enjoys the highest share of deposits at 21.8 percent. TCB, Bank of America, and Merchants Bank of Commerce are the top deposit holding institutions in the AA, representing 48.6 percent of deposits in the AA.

Community Contacts

Examiners contacted two organizations that serve the AA. One organization focuses on affordable housing and the second focuses on economic development in the area. Both contacts indicated

there is a significant need for housing in the AA and an even higher need for affordable housing. Limited supplies of rental units are coming onto the market. The affordable housing contact indicated that within the AA for the application to rent new housing units far outnumbered the availability. The economic development contact also indicated a need for more credit to help the hospitality industry, which has struggled with decreased demand for its services. Both contacts indicated that banks have been actively involved in the community and helping meet credit needs.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contacts, bank management, and economic and demographic information, examiners determined that affordable housing and more flexible lending to small businesses are primary credit needs for the AA. Opportunities for community development activities exists in the AA, including working with local organizations that engage in community development activities.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SHASTA-TEHAMA AA

LENDING TEST

TCB's lending demonstrates adequate performance under the Lending Test in the Shasta-Tehama AA. This conclusion is supported by a good Borrower Profile performance, a poor Geographic Distribution performance, and an adequate level of community development lending activities.

Lending Activity

TCB's lending levels reflect good responsiveness to AA credit needs. The bank originated 480 small business loans totaling \$74.3 million in in the Shasta-Tehama AA. Of all small business loans originated in the bank's AAs, 16.5 percent were in the AA. This level of small business lending activity represents a decrease from the previous evaluation, where 708 small business loans were made in the AA. In July 2018, TCB implemented an initiative to provide Evergreen loan products to all business customers where renewals would no longer be required as long as the borrower remains in conformance with the original line agreement. This change decreases the number of small business loans eligible for reporting. There is a high level of competition for small business loans in the AA. In 2019, 74 lenders reported 4,978 small business loans. Of these institutions, TCB ranked 8th with 4.7 percent of the AA market share by number.

TCB's home mortgage lending during the review period was 777 home mortgage loans totaling \$100.1 million in the Shasta-Tehama AA. Of all home mortgage loans originated in the bank's AAs, 18.9 percent by number were located in the Shasta-Tehama AA. This level of lending activity represents an increase from the previous evaluation, where 553 home mortgage loans were made in the AA. According to the 2019 Institution Market Share Reports for HMDA reported loans, the bank ranked 4th in market share of 308 lenders with 5.4 percent of all home mortgage loans originated or purchased in the Shasta-Tehama AA.

Additionally, TCB originated 22 small farm loans totaling \$2.5 million in the AA. The lending volume equated to 5.6 percent of the bank’s small farm lending activity throughout all AAs based on number of loans. Small farm lending decreased slightly since the previous evaluation where 36 small farm loans originated within the AA, demonstrating the impact from TCB’s Evergreen lending initiative from 2018. The 2019 Institution Market Share Report for small farm lending indicates that 11 institutions reported 169 originated or purchased small farm loans in the AA, and TCB is ranked 6th in market share. In addition to competition with farm lending institutions, TCB competes for farm financing opportunities with FCS that offers highly competitive options for agricultural lending.

Geographic Distribution

Overall, the institution’s geographic distribution of loans reflects poor penetration throughout the AA. There were no low-income CTs in the AA; therefore, geographic distribution was only analyzed based on the performance in moderate-income CTs. This conclusion is supported by a distribution of small business and home mortgage loans that reflect poor penetration as well as a distribution of small farm loans that reflects adequate penetration throughout the AA.

Small Business Loans

The geographic distribution of small business loans reflects poor penetration throughout the Shasta-Tehama AA. The table below shows the geographic distribution of small business loans and bank’s performance criterion focuses on moderate-income tracts given the AA has no low-income census tracts.

Geographic Distribution of Small Business Loans						
Shasta-Tehama AA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2019	25.6	22.1	39	16.8	6,507	19.1
Middle						
2019	58.4	60.0	135	58.2	19,827	58.2
Upper						
2019	16.0	17.9	58	25.0	7,709	22.6
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	232	100.0	34,043	100.0
<i>Source: 2019 D&B Data; Bank Data; 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

The bank’s distribution of small business loans in moderate-income geographies is below the aggregate lending data and the percent of businesses in the moderate-income CTs in the AA. Bank lending performance reflects poor penetration in moderate-income tracts.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor penetration throughout the AA. The table below shows the bank’s geographic distribution of home mortgage lending by CT income level.

Geographic Distribution of Home Mortgage Loans						
Shasta-Tehama AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2019	20.9	18.4	61	15.4	13,669	24.9
Middle						
2019	58.4	56.9	230	57.9	27,183	49.5
Upper						
2019	20.7	24.7	106	26.7	14,085	25.6
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	397	100.0	54,937	100.0
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

The bank’s distribution of home mortgage loans in the moderate-income tract fell slightly below the aggregate performance, as well as the percent of owner-occupied housing units. This reflects a poor level of lending penetration in the moderate-income tracts.

Small Farm Loans

The geographic distribution of small farm loans shown below reflects adequate penetration throughout the AA. The following table shows the bank’s geographic distribution of small farm lending by CT income level.

Geographic Distribution of Small Farm Loans						
Shasta-Tehama AA						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2019	26.4	23.5	0	0.0	0	0.0
Middle						
2019	62.0	63.0	5	50.0	510	62.0
Upper						
2019	11.6	13.6	5	50.0	313	38.0
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	10	100.0	823	100.0

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

While TCB did not make any small farm loans in the moderate-income CTs in 2019, the bank made 25.0 percent of its small farm loans in moderate-income tracts in 2018. There is limited lending opportunities of small farm lending and the bank’s performance varies highly from year to year due to competition and opportunities. In addition, due to nominal lending volume, one or two loans could skew the performance ratios up or down significantly in comparison to aggregate in the AA. Considering these factors the distribution is considered adequate.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different revenue sizes. The conclusion is primarily supported by a distribution of small business borrowers that reflects adequate penetration among business customers of different revenue sizes, a distribution of home mortgage borrowers that reflects excellent penetration among retail customers of different income levels, and a distribution of small farm borrowers that reflects good penetration among business customers of different revenue sizes.

Small Business Loans

The distribution of small business borrowers reflects adequate penetration among business customers of different revenue sizes. The following table shows the distribution of TCB’s small business lending by GARs.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Shasta-Tehama AA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	86.0	50.7	96	41.4	7,865	23.1
>1,000,000						
2019	4.3	--	130	56.0	24,910	73.2
Revenue Not Available						
2019	9.8	--	6	2.6	1,268	3.7
Totals						
2019	100.0	100.0	232	100.0	34,043	100.0
<i>Source: 2019 D&B Data; Bank Data; 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

In 2019, the bank's percentage of lending to business with GARs of \$1 million or less is below aggregate and the percent of businesses in the AA. The performance dropped from 2018, where the bank made 56.9 percent of small business loans to small businesses and exceeded the aggregate data for 2018. Considering the bank's 2018 performance, the adequate rating is supported.

Home Mortgage Loans

The distribution of home mortgage borrowers reflects excellent penetration among retail customers of different income levels. The following table shows the distribution of TCB's small business lending by GARs.

Distribution of Home Mortgage Loans by Borrower Income Level						
Shasta-Tehama AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	22.5	3.4	37	9.3	2,814	5.1
Moderate						
2019	18.8	12.2	67	16.9	6,858	12.5
Middle						
2019	19.6	21.8	86	21.7	9,468	17.2
Upper						
2019	39.2	43.8	170	42.8	23,241	42.3
Not Available						
2019	0.0	19.0	37	9.3	12,557	22.9
Totals						
2019	100.0	100.0	397	100.0	54,938	100.0

*Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

In 2019, the bank’s distribution of home mortgage loans to low-income borrowers was more than double the performance of aggregate lenders; however, was significantly below the percent of low-income families by 5.6 percentage points. The bank’s lending to low-income borrowers is favorable considering the percentage of families living below the poverty level at nearly 13.0 percent. The bank’s distribution in moderate-income tracts significantly trended upward at 16.9 percent, which exceeded the aggregate lenders and comparable to the percentage of moderate-income families.

Small Farms Loans

The distribution of small farm borrowers reflects good penetration among farms of different revenue sizes. The table below shows the distribution of bank small farm lending by GAR.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Shasta-Tehama AA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	94.5	45.1	5	50.0	370	45.0
>1,000,000						
2019	2.6	--	5	50.0	453	55.0
Revenue Not Available						
2019	2.9	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	10	100.0	823	100.0
<i>Source: 2019 D&B Data; Bank Data; 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

During 2019, the bank’s lending distribution exceeded aggregate lending data and is significantly below the percent of farms. The bank’s volume of small farm lending is very limited and performance varies highly from year to year due to the limited opportunities. In 2018, TCB made 83.3 percent of small farm loans to farms with GARs of \$1 million or less. Considering the variations and limited opportunities for small farm loans, TCB’s performance is considered good.

Community Development Loans

TCB made an adequate level of community development loans in the AA. Overall, the bank made 13 community development loans totaling \$7.1 million. This represents an increase in the number, but significant decrease in the dollar volume of community development loans at the last evaluation where the bank made 9 community development loans totaling \$18.4 million. The highest number and dollar amount of community development loans benefited community services.

Community Development Lending – Shasta-Tehama AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	2	265	3	589	0	0	0	0	5	854
2019	2	1,875	4	2,141	0	0	0	0	6	4,016
2020	0	0	0	0	0	0	2	2,208	2	2,208
YTD 2021	0	0	0	0	0	0	0	0	0	0
Total	4	2,140	7	2,730	0	0	2	2,208	13	7,078
<i>Source: Bank Records</i>										

Below are notable examples of community development loans originated in the Shasta-Tehama AA during the review period.

- In 2020, the bank originated 2 loans totaling \$2.2 million to finance construction to permanent to expand an existing Ace Hardware store facility located in a moderate-income CT. The expansion will create approximately 10 new jobs.
- In 2019, the bank originated a \$1.7 million loan to purchase a 90-unit apartment complex in Redding, CA. Many tenants participate in the Housing Choice Voucher/Section 8 assistance program through the Housing Authority of the City of Redding. Thirty-seven percent of the tenants participate in the affordable housing program.
- In 2019, the bank provided an \$800,000 loan to non-profit organization that provides various services that benefit low- and moderate-income families and individuals in Northern Sacramento Valley. These services include health, housing, and vocational job training.

INVESTMENT TEST

TCB is rated "Low Satisfactory" in the Investment Test for the Shasta-Tehama AA.

Investment and Grant Activity

The institution has an adequate level of qualified community development investment and grants throughout the AA, occasionally in a leadership position, particularly those not routinely provided by private investors. TCB reported \$3.3 million in qualified investments and donations. Overall, TCB's total investment and donation activity increased from \$1.0 million at the previous evaluation. This consisted of 2 affordable housing investments, a 1 CRA Investment Fund for \$551,665, and 1 LIHTC fund for \$2.0 million. Examiners did note that all of the investments supported affordable housing efforts; while donation and grant activity supported affordable housing, community services, economic development, and revitalization/stabilization efforts. The level of donation activity increased significantly from \$159,000 at the last evaluation and the amount also increased across all categories. Refer to the following table.

Qualified Investments and Donations – Shasta-Tehama AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	69	0	0	0	0	0	0	2	69
2018	2	2,552	0	0	0	0	0	0	2*	2,552*
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
YTD 2021	0	0	0	0	0	0	0	0	0	0
Subtotal	4	2,621	0	0	0	0	0	0	4	2,621
Qualified Grants & Donations	5	18	23	114	5	44	6	505	39	680
Total	9	2,638	23	114	5	44	6	505	39	3,301
<i>Source: Bank Records; *Reflects portion of funds allocated from an affordable housing investment that was allocated to multiple assessment areas.</i>										

Notable example of new investments that directly impact Shasta-Tehama AA include:

- The bank made a new investment of \$2.0 million in a LIHTC that funds the acquisition/rehab or new construction of affordable housing projects that houses tenants earning less than 60.0 percent of area median income. This investment ensures that affordable housing needs for low- and moderate-income are preserved.

Responsiveness to Credit and Community Development Needs

TCB exhibits an adequate responsiveness to credit and community economic development needs. These investments and donations supported affordable housing, community services, and economic development needs in the Shasta-Tehama AA, which are all identified credit needs by the community contacts.

Community Development Initiatives

TCB occasionally uses innovative and/or complex investments to support community development initiatives. The bank's qualified investments are useful and help promote community development; however, most are not innovative.

SERVICE TEST

The bank's Service Test performance is adequate.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the Shasta-Tehama AA. TCB operates nine traditional branches, two in-store branches, and one LPO. Additionally, the bank operates 19 deposit-taking ATMs, 2 of which are standalone. The bank's AA branch distribution and alternative delivery systems are consistent with the overall bank's performance. The following table shows the branch and ATM locations within the AA.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	0	0	0	0	0	0	0	0
Moderate	14	23.7	63,918	26.4	5	45.4	8	42.1
Middle	32	54.2	135,857	56.1	5	45.4	10	52.6
Upper	13	22.1	42,319	17.5	1	9.1	1	5.3
NA	0	0	0	0	0	0	0	0
Total	59	100	242,094	100	11	100	19	100

Source: 2015 ACS Data; Bank Data

Branches in low- and moderate-income geographies represent 45.5 percent of the total branch network in this AA. This percent exceeds the percentage of moderate-income CTs and population in the AA.

Changes in Branch Locations

To the extent changes have been made, the bank's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or individuals. The bank closed two branches in middle-income geographies. Closing of these two branches had no impact on low- and moderate-income areas or individuals.

Reasonableness of Business Hours and Services

Service and business hours do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies and individuals. Products and services offered within the AA are consistent with the institution overall. All AA branch offices are open Monday-Thursday from 9:00 a.m. to 5:00 p.m. with some branches are open until 6:00 p.m. and on Friday 9:00 a.m. to 6:00 p.m. The in-store branches are open Monday-Friday from 9:00 a.m. to 6:00 p.m., Saturday from 9:00 a.m. to 6:00 p.m., and Sunday from 11:00 a.m. to 4:00 p.m.

Community Development Services

TCB provides an adequate level of community development services in the Shasta-Tehama AA. During the evaluation period, 25 bank employees provided 90 instances of financial expertise or technical assistance to 15 organizations in the AA for a total of 1,373.5 hours. This represents 20.0 percent of total organizations, 17.1 percent of total instances, and 33.3 percent of total hours provided within the bank-wide AA, which corresponds with the bank’s operations and capabilities. The following table illustrates the bank’s community development services by instances in the Shasta-Tehama AA during the evaluation period:

Community Development Services – Shasta-Tehama AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018 (Partial)	0	21	1	7	29
2019	0	24	0	4	28
2020	0	24	4	5	33
YTD 2021	0	0	0	0	0
Total	0	69	5	16	90
<i>Source: Bank Data</i>					

The majority of the community development service activities were targeted towards community services that primarily serve the needs of low- and moderate-income individuals. The number of service hours provided increased significantly since the previous evaluation from 555 to 1,373.5 hours. The following are notable examples of services provided by bank employees within the Shasta-Tehama AA during the evaluation period:

- Bank employees collectively provided 409 community service hours to an organization that is a leader in supporting continuing relief efforts in Shasta County after the 2018 Camp Fire. Bank employees provided financial expertise and technical support by serving as Board and Committee members, and assisting with fundraising.
- Bank employees provided a total of 50 hours of targeted financial education classes to low- and moderate-income high school students and adults in Shasta and Tehama counties.

BAY AREA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN BAY AREA ASSESSMENT AREA

TCB’s Bay Area AA consists of Contra Costa, San Francisco, San Mateo, Santa Clara, and Sonoma counties, which are all counties within the San Jose-San Francisco-Oakland CSA #488. At the last evaluation, this AA did not include San Francisco, San Mateo, or Santa Clara Counties. These additions were a result of an acquisition. TCB also closed two branches and removed Napa and Solano counties from the AA. TCB maintains 13 traditional branches and 1 in-store branch throughout the AA.

Economic and Demographic Data

The Bay Area AA consists of 1,035 CTs: 95 low-, 215 moderate-, 357 middle-, 354 upper-income, and 14 CTs without an income designation. The following table shows select demographic, housing, and business information of the Bay Area AA.

Demographic Information of the Assessment Area						
Bay Area AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,035	9.2	20.8	34.5	34.2	1.4
Population by Geography	5,048,789	9.0	21.8	35.9	32.9	0.4
Housing Units by Geography	1,914,104	8.5	20.0	36.0	35.0	0.5
Owner-Occupied Units by Geography	995,214	3.8	16.8	36.7	42.5	0.1
Occupied Rental Units by Geography	811,675	14.0	23.8	35.3	26.0	0.9
Vacant Units by Geography	107,215	10.9	20.6	34.7	32.7	1.1
Businesses by Geography	463,115	8.8	17.1	31.8	41.6	0.7
Farms by Geography	7,833	5.9	17.5	40.3	36.2	0.2
Family Distribution by Income Level	1,178,608	23.7	16.0	18.3	42.0	0.0
Household Distribution by Income Level	1,806,889	25.6	14.9	16.6	42.9	0.0
Median Family Income MSA - 36084 Oakland-Berkeley-Livermore, CA		\$93,822	Median Housing Value			\$685,539
Median Family Income MSA - 41884 San Francisco-San Mateo-Redwood City, CA		\$103,742	Median Gross Rent			\$1,614
Median Family Income MSA - 41940 San Jose-Sunnyvale-Santa Clara, CA MSA		\$107,126	Families Below Poverty Level			6.8%
Median Family Income MSA - 42220 Santa Rosa-Petaluma, CA MSA		\$77,587				
<i>Source: 2015 ACS and 2019 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>						

As of 2019, the AA's 463,115 businesses reported GARs as follows:

- 87.5 percent reported \$1.0 million or less;
- 5.2 percent reported more than \$1.0 million; and
- 7.3 percent did not report revenues.

Additionally, as of 2019, the AA's 7,062 farms reported GARs as follows:

- 94.4 percent reported \$1.0 million or less;
- 3.4 percent reported more than \$1.0 million; and
- 2.2 percent did not report revenues.

According to the 2019 D&B data, services represent the largest industry at 44.6 percent of businesses. This is followed by non-classified establishments at 17.4 percent; retail trade at 11.04 percent; finance, insurance and real estate at 9.5 percent; and construction at 6.0 percent. In

addition, 64.2 percent of area businesses have 4 or fewer employees, and 91.43 percent operate from a single location.

The FFIEC’s annual estimates of median family incomes are shown in the table below. Estimates are provided for each MSA in the AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Oakland-Hayward-Livermore, CA MD Median Family Income (36084)				
2018 (\$104,400)	<\$52,200	\$52,200 to <\$83,520	\$83,520 to <\$125,280	≥\$125,280
2019 (\$111,700)	<\$55,850	\$55,850 to <\$89,360	\$89,360 to <\$134,040	≥\$134,040
San Francisco-San Mateo-Redwood City, CA Median Family Income (41884)				
2018 (\$116,400)	<\$58,200	\$58,200 to <\$93,120	\$93,120 to <\$139,680	≥\$139,680
2019 (\$133,800)	<\$66,900	\$66,900 to <\$107,040	\$107,040 to <\$160,560	≥\$160,560
San Jose-Sunnyvale-Santa Clara, CA MSA Median Family Income (41940)				
2018 (\$123,400)	<\$61,700	\$61,700 to <\$98,720	\$98,720 to <\$148,080	≥\$148,080
2019 (\$129,900)	<\$64,950	\$64,950 to <\$103,920	\$103,920 to <\$155,880	≥\$155,880
Santa Rosa-Petaluma, CA MSA Median Family Income (42220)				
2018 (\$84,100)	<\$42,050	\$42,050 to <\$67,280	\$67,280 to <\$100,920	≥\$100,920
2019 (\$93,300)	<\$46,650	\$46,650 to <\$74,640	\$74,640 to <\$111,960	≥\$111,960
<i>Source: FFIEC</i>				

Data obtained from the BLS illustrates changes in unemployment rates. Unemployment rates in California and the United States decreased from 2018 to 2019, with state unemployment slightly higher than the national average each year. The AA experienced consistent unemployment rates ranging from a low of 2.1 percent to a high of 3.1 percent during 2018 and 2019. In 2020, the AA, state, and nation experienced significant increases in unemployment with the AA increase as high as 9.0 percent; however, lower than the statewide rate. These increases are attributed to the onset of COVID-19.

The following table shows the unemployment rates for the AA, California, and nation-wide for all three years.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Oakland-Hayward-Berkeley, California MSA #	3.1	3.0	9.0
San Francisco-Redwood City-South San Francisco, California MSA #	2.4	2.1	7.6
San Jose-Sunnyvale-Santa Clara, California MSA #	2.7	2.6	7.1
Santa Rosa, California MSA #	2.8	2.7	7.7
State of California	4.3	4.2	10.2
National Average	3.9	3.7	8.1
<i>Source: Bureau of Labor Statistics</i>			

The following paragraphs contain economic related information from the most current Moody’s Analytics Precis Reports for each MSA the bank operates in within the San Jose-San Francisco-Oakland CSA #488:

Oakland-Hayward-Berkeley, California MSA

According to the November 2020 Moody’s Analytics Precis Report, the area’s economy is starting to recover, but at a very slow pace. Only 38.0 percent of the jobs lost during the recession have been recovered, which is one of the lowest recovery rates in the county. The MSA is still an attractive option for both established and start up tech companies, as it benefits from close proximity to the tech hubs in the Bay Area and offers more affordable options in comparison to San Francisco. High paying tech jobs have continued to put strain on the affordability of the area for those that have low- and moderate-income jobs causing lower paid workers to find other areas to live while tech continues to spill over into the MSA. The top industries by employment are education and health services, professional and business services, and government, which represent 16.7 percent, 16.2 percent, and 14.8 percent of total employment, respectively. The top employers in the MSA are the University of California-Berkeley, Western Digital, and Chevron.

San Francisco-Redwood City- South San Francisco, California MSA

According to the November 2020 Moody’s Analytics Precis Report, the pandemic has had significant effects on the area’s economy. The MSA has the highest concentration of office-using jobs in the nation and many of those offices have been unoccupied throughout the pandemic. Apartment rental prices have plummeted more than 15.0 percent as office workers were sent to work from home and many left the area due to remote work options and lower costs. The area’s relatively high level of well-paying jobs has helped the recovery; however, leisure and hospitality are still suffering, as business closures have been required. The top industries by employment are professional and businesses services, leisure and hospitality services, and education and health services, which represent 24.7 percent, 12.5 percent, and 12.3 percent of total employment,

respectively. The top employers in the MSA are the University of California-San Francisco, Salesforce.com, and Wells Fargo.

San Jose-Sunnyvale-Santa Clara, California MSA

According to the November 2020 Moody's Analytics Precis Report, the MSA's economy has suffered, but is relatively better off than most areas. The area is considered the tech capital of the world and many tech giants are headquartered there. While the costs to operate and live in the area are some of the highest in the nation, it remains a very attractive area for tech companies to operate because of the large talent pool and the innovative culture. High paying jobs have continued to push costs up and the out migration of low- and moderate-income individuals has continued. The top industries by employment are professional and business services, education and health services, and manufacturing, which represent 21.2 percent, 15.3 percent, and 15.1 percent of total employment, respectively. The top employers in the MSA are Cisco Systems, Lockheed Martin, Intel, and Apple.

Santa Rosa-Petaluma, California MSA

According to the November 2020 Moody's Analytics Precis Report, the MSA's economy is driven by tourism and agriculture. It is home to world-class wineries that have attracted significant amounts of tourists, but during the pandemic travel has suffered. The economy was improving since the initial onset of Covid-19, but has recently started losing jobs again. Housing sales are up, but price appreciation has been modest. The MSA remains relatively affordable compared to the high-cost neighboring MSAs. The area has a higher elderly population and a shortage of prime-age workers, which would help drive more economic growth. The top industries by employment are education and health services, government, and leisure and hospitality services, which represent 17.1 percent, 14.1 percent, and 12.3 percent of total employment, respectively. The top employers in the MSA are Kaiser Permanente, Graton Resort & Casino, and St. Joseph Health System.

Competition

The market for financial services is highly competitive. According to the June 30, 2020 Deposit Market Share Report, 79 institutions operated 1,130 branches and held \$631.6 billion in deposits within the AA. TCB's deposit market share represents 0.2 percent of total deposits. The top 3 financial institutions by market share include Bank of America, Wells Fargo Bank, and Silicon Valley Bank, which represent 60.9 percent of deposits in the AA.

Community Contact

Examiners reviewed a recent community contact for the San Francisco CSA that includes the Bay Area AA. The contact represented a nonprofit micro-lender that serves the region's small businesses. According to the contact, the region maintained a strong labor market and low unemployment rate prior to the pandemic, but also a very high cost of living and a significant amount of road congestion. This caused economic issues for families and small businesses with affordable housing remaining a primary concern. Wages have not kept pace with the cost of living. There is a need for affordable consumer capital. The contact identified a specific need for micro and small loans for small businesses and individuals. Financial institutions have not kept up with the demand for smaller-sized loans and the market remains underserved. Nonetheless, the contact

noted that local financial institutions participate in outreach events and work with economic development organizations. The contact also identified commercial installment loans and lines of credit as specific types of loans in demand.

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 loans represent a primary credit need for the AA. Opportunity exists for originating such loans throughout the AA. Additionally, examiners identified affordable housing and economic development as primary AA community development needs.

CONCLUSIONS ON PERFORMANCE CRITERIA IN BAY AREA AA

LENDING TEST

TCB's lending demonstrates good performance under the Lending Test in the Bay Area AA. This conclusion is primarily supported by good Geographic Distributions and Borrower Profile performance and a relatively high level of community development lending activities.

Lending Activity

TCB's lending levels reflect good responsiveness to AA credit needs. The bank originated 316 small business loans totaling \$70.5 million in in the Bay Area AA. Of all small business loans originated in the bank's AAs, 10.9 percent were in the AA. This level of small business lending activity represents a significant increase from the previous evaluation, where 138 small business loans were made in the AA. In July 2018, TCB implemented an initiative to provide Evergreen loan products to all business customers where renewals would no longer be required as long as the borrower remains in conformance with the original line agreement. This change decreases the number of small business loans eligible for reporting. There is a high level of competition for small business loans in the AA. In 2019, 189 lenders reported 178,638 small business loans. Of these institutions, TCB ranked 38th with 0.1 percent of the AA market share by number.

TCB's home mortgage lending during the review period was 217 home mortgage loans totaling \$94.7 million in the Bay Area AA. Of all home mortgage loans originated in the bank's AAs, 5.3 percent by number were located in the Bay Area AA. This level of lending activity represents an increase from the previous evaluation, where 105 home mortgage loans were made in the AA. According to the 2019 Institution Market Share Reports for HMDA reported loans, the bank ranked 127th in market share of 696 lenders with 0.1 percent of all home mortgage loans originated or purchased in the Bay Area AA.

Additionally, TCB originated 2 small farm loans totaling \$113,000 in the AA. The lending volume equated to 0.5 percent of the bank's small farm lending activity throughout all AAs based on number of loans. Small farm lending decreased since the previous evaluation where 27 small farm loans originated within the AA, demonstrating the impact from TCB's Evergreen lending initiative from 2018. The 2019 Institution Market Share Report for small farm lending indicates that 22 institutions

reported 714 originated or purchased small farm loans in the AA, and TCB is ranked 19th in market share. In addition to competition with farm lending institutions, TCB competes for farm financing opportunities with FCS that offers highly competitive options for agricultural lending.

Geographic Distribution

Overall, the geographic distribution of loans reflects good penetration throughout the Bay Area AA. The conclusion is supported by a good penetration of small business loans, and an adequate penetration of home mortgage loans. The distribution of small farm loans is presented below, but only one loan was made in the AA in each year reflecting poor performance.

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the Bay Area AA. The following table shows the bank’s geographic distribution of small business loans by CT income level.

Geographic Distribution of Small Business Loans						
Bay Area AA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	8.8	8.5	14	6.7	5,684	10.3
Moderate						
2019	17.1	18.4	63	30.1	16,120	29.2
Middle						
2019	31.8	33.2	80	38.3	18,277	33.1
Upper						
2019	41.6	39.3	51	24.4	14,488	26.2
Not Available						
2019	0.7	0.6	1	0.5	675	1.2
Totals						
2019	100.0	100.0	209	100.0	55,244	100.0

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

The banks performance in low-income CTs fell slightly below the aggregate performance. TCB’s performance in moderate-income CTs is well above the aggregate performance and the percent of businesses. Considering both performance in low- and moderate-income CTs, the bank’s lending performance reflects good penetration.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the Bay Area AA. The table below shows the bank’s geographic distribution of home mortgage lending by CT income level.

Geographic Distribution of Home Mortgage Loans						
Bay Area AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	3.8	4.2	5	3.3	12,946	14.8
Moderate						
2019	16.8	17.1	20	13.3	5,887	6.8
Middle						
2019	36.7	37.9	64	42.7	22,774	26.2
Upper						
2019	42.6	40.6	60	40.0	44,939	51.6
Not Available						
2019	0.1	0.2	1	0.7	500	0.6
Totals						
2019	100.0	100.0	150	100.0	87,046	100.0

*Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

The bank’s distribution fell slightly below the aggregate performance in both low- and moderate-income CTs. This represent a significant change from 2018, when the banks distribution exceeded the aggregate data for low-income CTs, and nearly met the aggregate performance for moderate-income CTs. Considering the 2018 performance, the bank’s performance for home mortgage lending during the review period reflects adequate penetration.

Small Farm Loans

The geographic distribution of small farm loans is poor throughout the AA. The following table shows the bank’s geographic distribution of small farm lending by CT income level.

Geographic Distribution of Small Farm Loans						
Bay Area AA						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	5.9	3.2	0	0.0	0	0.0
Moderate						
2019	17.5	12.7	1	100.0	13	100.0
Middle						
2019	40.3	44.5	0	0.0	0	0.0
Upper						
2019	36.2	39.6	0	0.0	0	0.0
Not Available						
2019	0.2	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	1	100.0	13	100.0

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

TCB originated one small farm loan in a moderate-income CT in 2019 and one in 2018. The bank's volume of small farm loans in the AA is extremely limited, which reflects poor performance.

Borrower Profile

Overall, the distribution of borrowers reflects good penetration among retail customers of different income levels and business customers of different revenue sizes. The conclusion is supported primarily by a distribution of small business borrowers that reflects adequate penetration among business customers of different revenue sizes, excellent penetration among retail customers of different income levels, and poor penetration among farm customers of different revenue sizes.

Small Business Loans

The distribution of borrowers reflects adequate penetration among businesses of different revenue sizes. The following table shows the distribution of TCB's small business lending by GARs.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Bay Area AA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	87.5	51.9	77	36.8	20,606	37.3
>1,000,000						
2019	5.2	--	118	56.5	33,033	59.8
Revenue Not Available						
2019	7.3	--	14	6.7	1,605	2.9
Totals						
2019	100.0	100.0	209	100.0	55,244	100.0
<i>Source: 2019 D&B Data; Bank Data; 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

TCB's penetration of loans to businesses with GARs of \$1 million or less fell below the aggregate performance in 2019. This performance is adequate considering that 91.4 percent of the businesses in the AA operate from a single location and 64.2 percent have 4 or fewer employees, many of which have needs for small amounts of credit or no need for credit at all. The AA is also highly competitive for financial services. The bank's branches represent a small percentage of the total branches available to business customers in the large and densely populated AA.

Home Mortgage Loans

The distribution of home mortgage borrowers reflects excellent penetration among customers of different income levels. The following table shows the distribution of TCB's home mortgage loans by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Bay Area AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	23.7	3.6	9	6.0	1,564	1.8
Moderate						
2019	16.0	10.2	16	10.7	3,248	3.7
Middle						
2019	18.3	19.0	19	12.7	4,623	5.3
Upper						
2019	42.0	56.3	68	45.3	35,414	40.7
Not Available						
2019	0.0	10.8	38	25.3	42,198	48.5
Totals						
2019	100.0	100.0	150	100.0	87,047	100.0
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

TCB's distribution of loans to low-income borrowers was well above aggregate performance. The distribution of loans to moderate-income borrowers was also above aggregate. Additionally, the bank's distribution of loans to both low- and moderate-income borrowers in 2018 also exceeded the aggregate performance.

Small Farm Loans

The distribution of small farm borrowers reflects poor penetration among farms of different revenue sizes. The table below shows the distribution of bank small farm lending by GAR.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Bay Area AA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	94.4	56.7	1	100.0	13	100.0
>1,000,000						
2019	3.4	--	0	0.0	0	0.0
Revenue Not Available						
2019	2.2	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	1	100.0	13	100.0

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

TCB made only one small farm loan in the AA to a farm with GARs of \$1 million or less in 2019. TCB's lending performance for small farm loans reflects poor distribution, as only one loan was made in both 2018 and 2019.

Community Development Loans

TCB has made a relatively high level of community development loans. Overall, the bank made 24 community development loans totaling \$37.4 million in the AA. The level of lending represents a significant increase from the last evaluation, where the bank made 6 community development loans totaling \$17.1 million. The significant increase during this evaluation period is attributed to the bank's addition of three counties in the Bay Area, as a result of the merger with FNB.

Community Development Lending – Bay Area AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	1	1,125	0	0	3	6,417	0	0	4	7,542
2019	6	2,973	3	300	1	732	4	17,717	14	21,722
2020	3	6,718	1	75	2	1,360	0	0	6	8,153
YTD 2021	0	0	0	0	0	0	0	0	0	0
Total	10	10,816	4	375	6	8,509	4	17,717	24	37,417

Source: Bank Records

Below are notable examples of community development loans originated in the Bay Area AA during the review period.

- In 2020, the bank originated a \$45 million construction financing to build out a 75 unit condominium in San Francisco. This mix-use condominium has 11 affordable units representing 14.7 percent or \$6.6 million of eligible amount.
- In 2019, the bank originated a \$6.5 million loan to renovate a building located in a low-income CT in San Francisco. This building houses several tenants that provide essential community services that benefit low-income and moderate-income individuals or families.
- In 2018, the bank originated two SBA 504 loans totaling \$5.4 million to purchase a new warehouse and make tenant improvements. This new facility will allow the company to retain current employees and hire additional workers.

INVESTMENT TEST

TCB's Investment Test in the Bat Area AA is excellent.

The bank has an excellent level of qualified community development investment and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. When grants/donations and prior period investments still active are considered, the investments addressed affordable housing, community services, revitalization/stabilization efforts, and economic development. The majority of these investments by dollar volume address affordable housing.

Including prior period investments still held, the bank had \$35.8 million in qualified investments, grants, and donations in the AA this evaluation. While this is a new AA, and covers a larger area than the previously delineated AA, there was also a significant increase in the amount of investments and grants that covered this area. At the previous evaluation, the Bay Area AA was evaluated based on two counties only (Contra Costa and Sonoma AAs), which represented \$5.3 million in investments and grants. The significant increase in investment during this evaluation is attributed to the bank's addition of three counties in the Bay Area, as a result of the merger with FNB. This AA is the largest recipient of CD investments during the review period, consistent with the bank's footprint and operations in this AA. The table below presents the bank's CD investment activity for the AA.

Qualified Investments and Donations – Bay Area AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	5	3,813	0	0	0	0	0	0	5	3,813
2018	9	24,634	0	0	0	0	0	0	9	24,634
2019	1	2,100	0	0	0	0	0	0	1	2,100
2020	1	2,000	1	2,845	0	0	0	0	2	4,845
YTD 2021	0	0	0	0	0	0	0	0	0	0
Subtotal	16	32,547	1	2,845	0	0	0	0	13	35,392
Qualified Grants & Donations	15	167	24	90	14	177	2	10	55	444
Total	31	32,714	25	2,935	14	177	2	10	75	35,836

Source: Bank Records

The Bay Area AA represents 44.9 percent of the bank’s total community development investments. Several of the investments analyzed for this evaluation were acquired from FNB. Three of these investments were analyzed in FNB’s PE; therefore, examiners utilized the current book value for these investments, all within the Bay Area AA. For the remaining investments that weren’t previously included, examiners analyzed the original principal value.

Notable examples of new investments that directly impact the Bay Area AA include:

- In 2018, the bank made 2 investments totaling \$6.0 million in LIHTC that provide funding for the acquisition/rehab or new construction of affordable housing projects within the Bay Area AA that provides housing for tenants earning less than 60.0 percent of the area median income. These investments ensure that affordable housing needs for low- and moderate-income are preserved.
- In 2018, the bank made 6 investments totaling \$17.3 million in Fannie Mae and Freddy Mac mortgage backed bonds that further support affordable housing in the Bay Area AA. These investments support critical needs for affordable housing in the AA.

Responsiveness to Credit and Community Development Needs

The institution exhibits excellent responsiveness to affordable housing needs within the AA, which were identified credit needs by the community contact.

Community Development Initiatives

TCB occasionally uses innovative and/or complex investments to support community development initiatives, particularly affordable housing. The bank’s qualified investments are useful and help promote community development; however, most of these investments are not innovative or complex.

SERVICE TEST

The bank's Service Test performance in the Bay Area AA is adequate. This performance is consistent with the bank's overall service test.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the Bay Area AA. TCB operates 13 traditional branches, and 1 in-store branch. Additionally, the bank operates 16 deposit-taking ATMs, 1 of which is a standalone. The bank's AA branch distribution and alternative delivery systems are consistent with the overall bank's performance. The following table shows the branch and ATM locations within the AA.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	95	9.2	453,214	9.0	1	7.2	1	6.3
Moderate	215	20.8	1,099,232	21.8	3	21.4	4	25.0
Middle	357	34.5	1,813,469	35.9	7	50.0	8	50.0
Upper	354	34.2	1,662,889	32.9	3	21.4	3	18.7
NA	14	1.3	19,985	0.4	0	0	0	0
Total	1,035	100	5,048,789	100	14	100	16	100

Source: 2015 ACS Data; Bank Data

Branches in low- and moderate-income geographies represent 28.2 percent of the total branch network in this AA. This percent is comparable to the percentage of low- and moderate-income CTs and population in the AA.

Changes in Branch Locations

To the extent changes have been made, the bank's record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low-income and moderate-income geographies or individuals. The bank closed one branch in a moderate-income geography and immediately reopened in a moderate-income tract with better parking and visibility.

Reasonableness of Business Hours and Services

Service and business hours do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies and individuals. Products and services offered within the AA are consistent with the institution overall. All AA branch offices are open from 9:00 a.m. to 5:00 p.m. Monday-Thursday with one branch open until 6:00 p.m. and on Friday from 9:00 a.m. to 6:00 p.m. The in-store branch is open from 9:00 a.m. to 6:00 p.m. Monday-Saturday. Seven branches are open on Saturday from 9:00 a.m. to 1:00 p.m. Additionally, five of the branches have drive-up hours from 9:00 a.m. to 5:00 p.m. or 6:00 p.m. Monday-Friday.

Community Development Services

TCB provides an adequate level of community development services in the Bay Area AA. During the evaluation period, 7 bank employees provided 52 instances of financial expertise or technical assistance to 10 organizations in the AA for a total of 191 hours. As stated earlier, this AA has expanded significantly compared to the previous evaluation, and comparison to the last evaluation would not be meaningful. This represents 13.3 percent of total organizations, 9.9 percent of total instances, and 4.6 percent of total hours performed within the Bank-Wide AAs, which corresponds with the bank’s operations and capabilities. The following table illustrates the bank’s community development services provided by instances in the Bay Area AA during the evaluation period:

Community Development Services – Bay Area AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018 (Feb-Dec)	1	0	0	2	3
2019	2	9	0	0	11
2020	3	24	2	9	38
YTD 2021	0	0	0	0	0
Total	6	33	2	11	52
<i>Source: Bank Data</i>					

The majority of service activities were targeted towards community services that primarily serve the needs of low- and moderate-income individuals. The following are notable examples of CD services provided by bank employees within the Bay Area AA during the review period:

- A bank employee served as a Board member for an organization that provides workforce readiness programs for unemployed, displaced, or previously homeless individuals. The bank associate provided 16 hours of community development service to the organization.
- A bank employee provided 19 hours of community development service serving as the Treasurer of an organization that administers a food donation program for low- and moderate-income individuals in the AA.

RURAL NORTHERN CALIFORNIA AND NORTH COAST ASSESSMENT AREA– Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN RURAL NORTHERN CALIFORNIA AND NORTH COAST ASSESSMENT AREA

TCB’s Rural CA and North Coast AA is comprised of the Glen, Colusa, Lassen, Siskiyou, Trinity, Del Norte, Humboldt, Lake, and Mendocino Counties in California. TCB operates 18 traditional branches in the AA, which remains unchanged since the previous evaluation.

Economic and Demographic Data

The Rural Northern CA and North Coast AA consists of 114 CTs: 4 low-, 35 moderate-, 59 middle-, 13 upper-income CTs, and 3 CTs without an income designation. The following table shows select demographic, housing, and business information of the AA.

Demographic Information of the Assessment Area						
Rural Northern California and North Coast AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	114	3.5	30.7	51.8	11.4	2.6
Population by Geography	453,862	3.2	26.5	57.4	12.8	0.0
Housing Units by Geography	214,059	3.6	28.2	56.1	12.1	0.0
Owner-Occupied Units by Geography	104,003	2.5	23.8	58.6	15.1	0.0
Occupied Rental Units by Geography	70,250	5.4	32.2	52.2	10.3	0.0
Vacant Units by Geography	39,806	3.3	32.6	56.7	7.4	0.0
Businesses by Geography	27,992	3.9	30.2	53.9	11.9	0.0
Farms by Geography	2,340	0.8	23.6	65.9	9.7	0.0
Family Distribution by Income Level	106,263	24.4	18.8	19.6	37.2	0.0
Household Distribution by Income Level	174,253	28.2	16.9	16.7	38.2	0.0
Median Family Income Non-MSAs - CA		\$56,948	Median Housing Value			\$239,120
			Median Gross Rent			\$896
			Families Below Poverty Level			14.2%
<small>Source: 2015 ACS and 2019 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>						

As of 2019, the AA’s 27,992 businesses reported GARs as follows:

- 82.8 percent reported \$1.0 million or less;
- 4.6 percent reported more than \$1.0 million; and

- 12.6 percent did not report revenues.

Additionally, as of 2019, the AA’s 2,340 farms reported GARs as follows:

- 94.7 percent reported \$1.0 million or less;
- 3.6 percent reported more than \$1.0 million; and
- 1.8 percent did not report revenues.

According to the 2019 D&B data, the services industry represent the largest industry at 37.9 percent of businesses. This is followed by retail trade at 13.0 percent; non-classified establishments at 12.6 percent; construction at 8.8 percent; and agriculture, forestry, and fishing at 7.7 percent. In addition, 65.1 percent of area businesses have 4 or fewer employees, and 87.4 percent operate from a single location.

The FFIEC’s annual estimates of median family incomes are shown in the table below for the nonmetropolitan areas of California.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
CA NA Median Family Income (99999)				
2018 (\$59,700)	<\$29,850	\$29,850 to <\$47,760	\$47,760 to <\$71,640	≥\$71,640
2019 (\$64,800)	<\$32,400	\$32,400 to <\$51,840	\$51,840 to <\$77,760	≥\$77,760
<i>Source: FFIEC</i>				

Data obtained from the BLS illustrates changes in unemployment rates. Unemployment rates in California and the United States decreased from 2018 to 2019, with state unemployment slightly higher than the national average each year. The AA experienced generally consistent unemployment rates within each designated county of the AA except for Colusa County.

Unemployment rates for the AA ranged from a low of 3.6 percent to a high of 13.2 percent during 2018 and 2019. In 2020, the AA, state, and nation experienced significant increases in unemployment with the AA increase as high as 16.7 percent, which demonstrates a significantly higher impact on areas of the AA compared to California and nationwide. Colusa County and Siskiyou County experienced the greatest unemployment percentages with COVID-19 attributed as a factor causing all increases. Additionally, Colusa, Del Norte, Glenn, Humboldt, Lake, Siskiyou, and Trinity Counties all have a high number of distressed middle-income CTs.

The following table shows the unemployment rates for the AA, California, and nation-wide for all three years.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Colusa County	13.2	12.8	16.7
Del Norte County	5.8	5.7	9.4
Glenn County	6.6	6.1	9.3
Humboldt County	3.6	3.6	8.1
Lake County	5.3	5.0	9.8
Lassen County	4.9	4.6	7.4
Mendocino County	4.0	4.0	8.8
Siskiyou County	6.8	6.5	10.2
Trinity County	5.8	5.5	8.2
State of California	4.3	4.2	10.2
National Average	3.9	3.7	8.1
<i>Source: Bureau of Labor Statistics</i>			

According to data obtained from the November 2020 Moody’s Analytics, the counties throughout the AA have started to see some level of economic recovery and the unemployment rates have all started to drop relative to the highs seen at the onset of the pandemic in early 2020. The median family incomes and home prices have continued to rise. Economic aid in response to the pandemic has helped to offset the lost incomes from jobs. Median household incomes estimates for the most recent quarter showed incomes ranged from a low of \$50,549 in Trinity County to a high of \$66,433 in Lassen County. The median home price for the most recent quarter available ranged from a low of \$257,300 in Siskiyou County to a high of \$492,900 in Mendocino County. Real estate prices have seen some fluctuations in each county in the AA, however, they have generally been on the rise and at or near all-time highs.

Competition

The market for financial services is moderately competitive. According to the June 30, 2020 Deposit Market Share Report, 13 institutions operated 96 branches and held \$7.3 billion in deposits within the AA. The top three financial institutions by market share were Umpqua Bank, TCB, and Savings Bank of Mendocino County, which had a 17.0 percent, 16.0 percent, and 14.0 percent market share, respectively.

Credit and Community Development Needs and Opportunities

Considering information obtained from bank management, and demographic and economic data, examiners determined the primary need of the AA are financial education as many of the residents are unbanked as well as small business technical assistance within the AA. Opportunities exists for originating small business loans and technical assistance throughout the AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE RURAL NORTHERN CALIFORNIA AND NORTH COAST AA

LENDING TEST

The bank's lending demonstrates good performance under the Lending Test in the Rural Northern California and North Coast AA. This conclusion is primarily supported by an adequate Geographic Distribution performance, excellent Borrower Profile performance, and an adequate level of community development lending activities.

Lending Activity

TCB's lending levels reflect good responsiveness to AA credit needs. The bank originated 290 small business loans totaling \$39.1 million in the AA during the review period. Of all small business loans originated in the bank's AAs, 10.6 percent were in the Rural CA and North Coast AA. This level of small business lending activity represents a decrease from the previous evaluation, where 494 small business loans were made in the AA. In July 2018, TCB implemented an initiative to provide Evergreen loan products to all business customers where renewals would no longer be required as long as the borrower remains in conformance with the original line agreement. This change decreases the number of small business loans eligible for reporting. There is a high level of competition for small business loans in the AA. In 2019, 81 lenders reported 8,118 small business loans totaling \$189.7 million within the AA. TCB ranked 11th with 1.9 percent of the AA market share by number.

TCB originated 782 home mortgage loans totaling \$124.2 million in the AA during the review period. Of all home mortgage loans originated in the bank's AAs, 20.0 percent by number were located in the Rural Northern CA and North Coast AA. This level of lending activity represents an increase from the previous evaluation, where 539 home mortgage loans were made in the AA. Home mortgage lending competition in the Rural Northern CA and North Coast AA is high. According to the 2019 Institution Market Share Reports for HMDA reported loans, the bank ranked 5th in market share of 370 lenders with a 4.6 percent of all home mortgage loans originated or purchased in the AA.

Additionally, TCB originated 166 small farm loans totaling \$23.0 million in the AA. The lending volume equated to 45.0 percent of the bank's small farm lending activity throughout the Bank-Wide AA based on number of loans. Small farm lending decreased since the previous evaluation where 255 small farm loans were originated within the AA, demonstrating the impact from TCB's Evergreen lending initiative from 2018. The 2019 Institution Market Share Report for small farm lending shows that 18 institutions originated or purchased 579 small farm loans in the AA. TCB ranked 3rd by market share. In addition to competition with other farm lending institutions, TCB competes for farm financing opportunities with FCS that offers highly competitive options for agricultural lending.

Geographic Distribution

Overall, the bank's geographic distribution of loans reflects adequate penetration throughout the Rural Northern CA and North Coast AA. This conclusion is supported by a distribution of small

business and home mortgage loans that reflect adequate penetration, and poor penetration of small farm loans.

Small Business Loans

The geographic distribution of small business loans reflects adequate penetration throughout the Rural Northern California and North Coast AA. The table below shows the geographic distribution of small business loans by CT income level.

Geographic Distribution of Small Business Loans						
Rural Northern California and North Coast AA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	3.9	3.8	17	10.9	1,801	9.1
Moderate						
2019	30.2	28.0	30	19.2	4,235	21.4
Middle						
2019	53.9	55.8	93	59.6	13,113	66.1
Upper						
2019	11.9	12.4	16	10.3	679	3.4
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	156	100.0	19,828	100.0
<i>Source: 2019 D&B Data; Bank Data; 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

TCB’s performance in low-income CTs more than doubled the aggregate performance, while its performance in moderate-income CTs fell 8.8 percent below the aggregate performance. Overall, TCB’s distribution reflects adequate penetration throughout the AA.

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects adequate penetration throughout the Rural Northern California and North Coast AA. The table below shows the bank’s geographic distribution of home mortgage lending by CT income level.

Geographic Distribution of Home Mortgage Loans						
Rural Northern CA and North Coast AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	2.5	2.6	10	2.5	1,211	2.3
Moderate						
2019	23.8	21.0	84	20.8	8,892	16.3
Middle						
2019	58.6	59.6	278	68.8	39,769	72.9
Upper						
2019	15.1	16.8	32	7.9	4,650	8.5
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	404	100.0	54,522	100.0
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

TCB's home mortgage lending within low- and moderate-income CTs in the Rural Northern California and North Coast AA reflects similar performance to the aggregate performance in both low- and moderate-income tracts.

Small Farm Loans

The geographic distribution of small farm lending within the Rural Northern CA and North Coast AA reflects poor penetration overall. The following table shows the bank's geographic distribution of small farm lending by CT income level.

Geographic Distribution of Small Farm Loans						
Rural Northern CA and North Coast AA						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	0.8	0.6	0	0.0	0	0.0
Moderate						
2019	23.6	24.9	12	13.8	1,394	10.6
Middle						
2019	65.9	70.1	74	85.1	11,807	89.4
Upper						
2019	9.7	4.5	1	1.1	5	0.0
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	87	100.0	13,206	100.0

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

While TCB did not make any small farm loans in low-income CTs in 2019, its distribution in 2018 exceeded aggregate performance by 0.4 percent. The following table shows very limited lending opportunity in low-income CTs, with less than 1.0 percent of farms in the low-income CTs. The bank's performance in moderate-income CTs fell below the aggregate performance by 11.1 percent in 2019 and 4.9 percent in 2018, reflecting a declining trend.

Borrower Profile

The distribution of borrowers reflects excellent penetration among retail customers of different income levels, and business and farm customers with different revenue sizes. This conclusion is supported primarily by good penetration of small business, excellent penetration of mortgage loans, and excellent penetration of small farms.

Small Business Loans

The distribution of small business loans reflects good penetration to businesses of different revenue sizes within the Rural Northern CA and North Coast AA. The following table shows the distribution small lending by GARs.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Rural Northern CA and North Coast AA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	82.8	45.8	79	50.6	6,424	32.4
>1,000,000						
2019	4.6	--	73	46.8	13,121	66.2
Revenue Not Available						
2019	12.6	--	4	2.6	283	1.4
Totals						
2019	100.0	100.0	156	100.0	19,828	100.0
<i>Source: 2019 D&B Data; Bank Data; 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

TCB's small business lending activity exceeded the aggregate performance by 4.8 percent, reflecting good penetration.

Home Mortgage Loans

The distribution of home mortgage lending in the Rural Northern CA and North Coast AA reflects excellent penetration to low- and moderate-income borrowers throughout the AA. The following table shows the distribution of home mortgage lending by borrower income level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Rural Northern CA and North Coast AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	24.4	4.5	41	10.1	3,392	6.2
Moderate						
2019	18.8	13.0	68	16.8	6,724	12.3
Middle						
2019	19.6	22.2	86	21.3	9,818	18.0
Upper						
2019	37.2	43.2	178	44.1	26,919	49.4
Not Available						
2019	0.0	17.1	31	7.7	7,668	14.1
Totals						
2019	100.0	100.0	404	100.0	54,522	100.0
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

TCB performance in low-income CTs was more than double the aggregate performance. Additionally, TCB's performance also exceeded aggregate performance in moderate-income CTs by 3.8 percent. Overall, home mortgage lending for TCB reflect excellent penetration, with particularly high performance in low-income CTs.

Small Farms Loans

TCB's record of small farm lending to borrowers of different revenue sizes reflects excellent penetration within the Rural Northern CA and North Coast AA. The following table shows the distribution of the bank's small farm lending by GAR.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Rural Northern CA and North Coast AA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	94.7	59.4	66	75.9	9,982	75.6
>1,000,000						
2019	3.5	--	19	21.8	2,961	22.4
Revenue Not Available						
2019	1.8	--	2	2.3	263	2.0
Totals						
2019	100.0	100.0	87	100.0	13,206	100.0

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

TCB's farm lending activity was well above the aggregate performance. This demonstrates excellent penetration.

Community Development Loans

TCB has made an adequate level of community development loans in the AA. Overall, the bank made 13 community development loans totaling \$12.7 million. This represents a decrease in both number and dollar volume of community development lending from the last evaluation, where the bank made 15 community development loans totaling \$32.9 million.

Community Development Lending – Rural Northern CA and North Coast AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	0	0	1	100	0	0	2	4,210	3	4,310
2019	0	0	2	400	0	0	2	1,430	4	1,830
2020	0	0	4	1,032	0	0	2	5,530	6	6,562
YTD 2021	0	0	0	0	0	0	0	0	0	0
Total	0	0	7	1,532	0	0	6	11,170	13	12,702

Source: Bank Records

Below are notable example of community development loans originated in the Rural CA and North Coast AA during the review period.

- In 2018, the bank originated a \$4.1 million loan to renovate a 175-room hotel to revitalize and stabilize a moderate-income neighborhood in supporting the local economy by retaining and creating new jobs to attract tourists.

INVESTMENT TEST

The bank’s Investment Test in the Rural Northern California and North Coast AA is good.

Investment and Grant Activity

TCB has a significant level of qualified community development investments, donations, and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. During the evaluation period, examiners qualified \$10.8 million of qualified investments and \$106,000 of donations and grants in this AA. This reflects an increase of \$2.2 million in investments when compared to the prior evaluation.

Qualified Investments and Donations – Rural Northern CA and Northern Coast										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	4	5,400	2	1,240	0	0	0	0	6	6,640
2018	0	0	0	0	0	0	0	0	0	0
2019	2	4,200	0	0	0	0	0	0	2	4,200
2020	0	0	0	0	0	0	0	0	0	0
YTD 2021	0	0	0	0	0	0	0	0	0	0
Subtotal	6	9,600	2	1,240	0	0	0	0	8	10,840
Qualified Grants & Donations	4	6	19	62	7	34	2	4	32	106
Total	20	9,606	32	1,302	7	34	2	4	40	10,946

Source: Bank Records

Notable example of new investment that directly impact the Rural Northern California and North Coast include:

- The bank made 2 investments totaling \$4.2 million in LIHTC that provide funding for the acquisition/rehab or new construction of affordable housing projects that house tenants earning less than 60.0 percent of the area median income. This investment ensures that affordable housing needs for low- and moderate-income families are preserved.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and community economic development needs. A majority of the investments supported affordable housing initiatives.

Community Development Initiatives

The institution occasionally uses innovative and/or complex investments to support community development initiatives. However, the bank’s qualified investments are not innovative or complex, and generally readily available to investors.

SERVICE TEST

The bank’s Service Test performance in the Rural Northern California and North Coast AA is poor. TCB’s service hours are inconsistent with the bank’s overall performance in service hours.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the Rural Northern California and North Coast AA. TCB operates 18 traditional branches in the AA. Additionally, the bank operates 22 deposit-taking ATMs, 3 of which are standalone. The bank’s AA branch distribution and alternative delivery systems are consistent with the overall bank’s performance. The following table shows the branch and ATM locations within the AA.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	4	3.5	14,606	3.2	1	5.6	1	4.5
Moderate	35	30.7	120,386	26.5	4	22.2	6	27.3
Middle	59	51.8	260,642	57.5	12	66.6	14	63.7
Upper	13	11.4	58,228	12.8	1	5.6	1	4.5
NA	3	2.6	0	0	0	0	0	0
Total	114	100	453,862	100	18	100	22	100

Source: 2015 ACS Data; Bank Data

Branches in low- and moderate-income geographies represent 27.7 percent of the total branch network in this AA. This percent is reasonable compared to the percentage of low- and moderate-income CTs and population in the AA.

Changes in Branch Locations

To the extent changes have been made, the bank’s record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low-income and moderate-income geographies or individuals. The bank closed one branch in a middle-income geography. This closure did not have any impact on low- and moderate-income geographies in the AA.

Reasonableness of Business Hours and Services

Service and business hours do not vary in a way that inconveniences certain portions of the AA, particularly low- and moderate-income geographies and individuals. Products and services offered within the AA are consistent with the institution overall. A majority of AA branch offices are open from 9:00 a.m. to 5:00 p.m. Monday-Friday with one branch open from 10:00 a.m. to 3:00 p.m. on Friday. In addition, two branches are open from 9:00 a.m. and 10:00 a.m. to 6:00 p.m. on Friday. Additionally, 8 branches have drive-up hours ranging from 8:30 a.m. to 5:00 p.m. or 9:00 a.m. to 6:00 p.m. Monday-Friday.

Community Development Services

TCB provided a limited level of community development services in the Rural Northern CA and North Coast AA. During the evaluation period, 3 bank employee provided 17 instances of financial expertise or technical assistance to 4 organization in the AA for a total of 115 hours. This represents 5.3 percent of total organizations, 3.2 percent of total instances, and 2.8 percent of total hours performed within the bank-wide AA, which does not correspond with the bank’s operations and capabilities in this assessment area. The following table illustrates the bank’s community development services provided by instances in the Rural Northern California and North Coast AA during the evaluation period:

Community Development Services – Rural Northern California and North Coast AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018 (Feb-Dec)	0	0	1	1	2
2019	0	0	3	5	8
2020	0	0	5	2	7
YTD 2021	0	0	0	0	0
Total	0	0	9	8	17
<i>Source: Bank Data</i>					

All of the community development service activity was directed towards economic development and revitalize or stabilize that primarily serve the needs of low- and moderate-income geographies or individuals. The number of hours decreased significantly since the previous evaluation from 860 to 115 hours.

STANISLAUS-MERCED ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN STANISLAUS-MERCED ASSESSMENT AREA

The Stanislaus-Merced AA is a contiguous area consisting of Merced and Stanislaus Counties. These two counties fully comprise the Modesto-Merced, California CSA #382. The CSA is comprised of two MSAs: Merced, California MSA #32900 (Merced County); and Modesto, California MSA #33700 (Stanislaus County). TCB operates four traditional full-service branches and one LPO in this AA.

Economic and Demographic Data

The Stanislaus-Merced AA consists of 143 CTs: 5 low-, 47 moderate-, 55 middle-, and 36 upper-income CTs. The following table shows select demographic, housing, and business information of the Stanislaus-Merced AA.

Demographic Information of the Assessment Area						
Stanislaus Merced AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	143	3.5	32.9	38.5	25.2	0.0
Population by Geography	791,252	3.0	27.1	40.2	29.7	0.0
Housing Units by Geography	264,232	2.8	27.1	39.2	30.9	0.0
Owner-Occupied Units by Geography	136,078	1.3	20.0	40.1	38.6	0.0
Occupied Rental Units by Geography	110,810	4.5	34.5	38.1	22.9	0.0
Vacant Units by Geography	17,344	3.3	35.6	38.8	22.4	0.0
Businesses by Geography	36,907	1.8	28.8	34.7	34.7	0.0
Farms by Geography	3,044	0.3	17.5	41.9	40.3	0.0
Family Distribution by Income Level	184,304	22.9	17.2	18.3	41.6	0.0
Household Distribution by Income Level	246,888	23.9	16.5	17.7	41.9	0.0
Median Family Income MSA - 32900 Merced, CA MSA		\$46,793	Median Housing Value			\$184,090
Median Family Income MSA - 33700 Modesto, CA MSA		\$55,611	Median Gross Rent			\$961
			Families Below Poverty Level			18.0%

Source: 2015 ACS and 2019 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.

As of 2019, the AA’s 36,907 businesses reported GARs as follows:

- 85.1 percent reported \$1.0 million or less;

- 4.7 percent reported more than \$1.0 million; and
- 10.2 percent did not report revenues.

Additionally, as of 2019, the AA’s 3,044 farms reported GARs as follows:

- 89.7 percent reported \$1.0 million or less;
- 8.2 percent reported more than \$1.0 million; and
- 2.2 percent did not report revenues.

According to the 2019 D&B data, the services industry represent the largest industry at 36.6 percent of businesses. This is followed by retail trade at 14.4 percent; non-classified establishments at 13.0 percent; construction at 7.8 percent; and agriculture, forestry, and fishing at 7.6 percent. In addition, 65.8 percent of area businesses have 4 or fewer employees, and 89.3 percent operate from a single location.

The FFIEC’s annual estimates of median family incomes are shown in the table below. Estimates are provided for each MSA in the AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Merced, CA MSA Median Family Income (32900)				
2018 (\$48,200)	<\$24,100	\$24,100 to <\$38,560	\$38,560 to <\$57,840	≥\$57,840
2019 (\$55,500)	<\$27,750	\$27,750 to <\$44,400	\$44,400 to <\$66,600	≥\$66,600
Modesto, CA MSA Median Family Income (33700)				
2018 (\$60,700)	<\$30,350	\$30,350 to <\$48,560	\$48,560 to <\$72,840	≥\$72,840
2019 (\$64,500)	<\$32,250	\$32,250 to <\$51,600	\$51,600 to <\$77,400	≥\$77,400
<i>Source: FFIEC</i>				

Data obtained from the BLS illustrates changes in unemployment rates. Unemployment rates in California and the United States decreased from 2018 to 2019, with state unemployment slightly higher than the national average each year. The AA experienced consistent unemployment rates ranging from a low of 6.0 percent to a high of 8.4 percent during 2018 and 2019. In 2020, the AA, state, and nation experienced significant increases in unemployment with the AA increase as high as 12.4 percent, due to the onset of COVID-19.

The following table shows the unemployment rates for the AA, California, and nation-wide for all three years.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Merced, California MSA #32900	8.4	8.1	12.4
Modesto, California MSA #33700	6.5	6.0	11.1
State of California	4.3	4.2	10.2
National Average	3.9	3.7	8.1
<i>Source: Bureau of Labor Statistics</i>			

Merced, California MSA

According to the November 2020 Moody’s Analytics Precis Report, the Merced MSA is experiencing a slow recovery and its unemployment levels remain high. The area has a high reliance on agriculture and the economic activity provided by the University of California Merced. The agriculture industry provides around 15.0 percent of total earnings in the area, which is among the highest in the nation. Additionally, the university recently completed a \$1.2 billion project to expand and improve the facilities, which will help the economy to grow and recover. The top industries by employment are government, education and health services, manufacturing, which represent 27.5 percent, 15.0 percent, and 14.1 percent of total employment, respectively. The top employers in the MSA are Mercy Medical Center Merced, Foster Farms AG, and the University of California-Merced.

Modesto, California MSA

According to the November 2020 Moody’s Analytics Precis Report, the Modesto MSA is recovering and the unemployment rate continues to drop. Many businesses continue to operate under pandemic related restrictions and are forced to operate at limited capacity or close. Healthcare jobs have suffered in the area, as the hospitals have turned to accommodating patients with COVID--19 and are forced to postpone other routine treatments and care. Housing prices in the area have not suffered and continue to rise at a quick pace. The area manufactures a significant amount of nondurable goods, specifically food and beverages, which helped cushion the economic impact of the pandemic as demand for those goods remained high. The top industries by employment are education and health services, government, retail trade, and manufacturing, which represent 19.0 percent, 16.7 percent, 12.6 percent, and 11.8 percent of total employment, respectively. The top employers in the MSA are E&J Gallo Winery, Doctors Medical center, and Memorial Medical Center.

Competition

The market for financial services is highly competitive. According to the June 30, 2020 Deposit Market Share Report, 17 institutions operated 112 branches and held \$12.7 billion in deposits within the AA. TCB’s ranks 13th in deposit market share representing 2.0 percent of total deposits. The top financial institutions by market share are large national lenders including Wells Fargo Bank, Bank of America, and Bank of the West, which hold a combined 44.9 percent of deposits in the AA.

Community Contact

Examiners conducted a community contact for the AA. The contact is a non-profit organization that promotes economic development, and growth of small business entrepreneurship throughout Stanislaus, Tuolumne, and Merced Counties. The contact noted continued support of small businesses seeking assistance in completing SBA PPP loan applications, consulting and training. Opportunities exist for local financial institutions to partner with the SBDC in providing financial expertise and technical assistance. Additionally, financial institutions can provide access to capital for start-ups and affordable lending programs.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contact, bank management, and demographic and economic data, examiners determined that economic development and small business lending is a primary credit need of the AA. Opportunities exist for originating small business loans and technical assistance throughout the AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN STANISLAUS-MERCED AA

LENDING TEST

TCB's lending performance is good under the Lending Test in the Stanislaus-Merced AA. This conclusion is primarily supported by good geographic and borrower profile distributions and an adequate level of community development lending activities.

Lending Activity

TCB's lending reflect good responsiveness to Stanislaus-Merced AA credit needs. During the review period, the bank originated 126 small business loans totaling \$31.8 million in in the Stanislaus-Merced AA. Of all small business loans originated in the bank's AAs, 4.3 percent were in the Stanislaus-Merced AA. This level of small business lending activity represents a decrease from the previous evaluation, where 222 small business loans were made in the AA. In July 2018, TCB implemented an initiative to provide Evergreen loan products to all business customers where renewals would no longer be required as long as the borrower remains in conformance with the original line agreement. This change decreases the number of small business loans eligible for reporting. There is a high level of competition for small business loans in the AA. In 2019, 93 lenders reported 13,762 small business loans. Of these institutions, TCB ranked 24th with 0.5 percent of the AA market share by number.

TCB's home mortgage lending during the review period was 185 home mortgage loans totaling \$38.1 million in the Stanislaus-Merced AA. Of all home mortgage loans originated in the bank's AAs, 4.5 percent by number were located in the Stanislaus-Merced AA. This level of lending activity represents an increase from the previous evaluation, where 155 home mortgage loans were made in the AA. According to the 2019 Institution Market Share Reports for HMDA reported loans, the bank ranked 48th in market share of 446 lenders with 0.5 percent of all home mortgage loans originated or purchased in the Stanislaus-Merced AA.

Additionally, TCB originated 12 small farm loans totaling \$1.5 million in the AA. The lending volume equated to 3.1 percent of the bank’s small farm lending activity throughout all AAs based on number of loans. Small farm lending decreased slightly since the previous evaluation where 17 small farm loans originated within the AA, demonstrating the impact from TCB’s Evergreen lending initiative from 2018. The 2019 Institution Market Share Report for small farm lending indicates that 27 institutions reported 811 originated or purchased small farm loans in the AA, and TCB is ranked 16th in market share. In addition to competition with farm lending institutions, TCB competes for farm financing opportunities with FCS that offers highly competitive options for small farm lending.

Geographic Distribution

Overall, TCB’s geographic distribution of loans reflects good penetration throughout the Stanislaus-Merced AA. This conclusion is supported by a distribution of small business loans that reflects good penetration, adequate penetration of home mortgage loans, and good penetration of small farm loans.

Small Business Loans

The geographic distribution of small business loans within the Stanislaus-Merced AA reflects good penetration. The following table shows the bank’s geographic distribution of small loans by CT income level.

Geographic Distribution of Small Business Loans						
Stanislaus-Merced AA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	1.8	1.5	1	1.6	420	2.9
Moderate						
2019	28.8	24.6	14	22.2	3,742	25.4
Middle						
2019	34.7	38.0	21	33.3	4,629	31.4
Upper						
2019	34.7	36.0	27	42.9	5,930	40.3
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	63	100.0	14,721	100.0

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

TCB performed comparable to aggregate performance aligning with the level of opportunity in low-income CTs. In moderate-income CTs, the bank’s performance was slightly below but remains

comparable to the aggregate reflecting good penetration. Overall, TCB performance was consistent in small business lending during the review period.

Home Mortgage Loans

TCB’s home mortgage lending within low- and moderate-income CTs reflects overall adequate penetration throughout the Stanislaus-Merced AA. TCB reported home mortgage loans in low-income CTs shows excellent penetration exceeding aggregate by 1.5 percent. In moderate-income CTs, TCB performed below aggregate performance. Overall, TCB’s lending performance in low- and moderate-income geographies considered adequate. The following table shows the bank’s performance and level of opportunities in low- and moderate-income CTs within the AA.

Geographic Distribution of Home Mortgage Loans						
Stanislaus-Merced AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	1.3	1.4	3	2.9	447	1.9
Moderate						
2019	20.0	18.5	15	14.3	1,803	7.9
Middle						
2019	40.1	42.1	48	45.7	10,337	45.1
Upper						
2019	38.6	38.1	39	37.1	10,334	45.1
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	105	100.0	22,921	100.0

*Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Farm Loans

The geographic distribution of small farm lending reflects good penetration within the Stanislaus-Merced AA. The following table shows the bank’s geographic distribution of small farm lending by CT income level.

Geographic Distribution of Small Farm Loans						
Stanislaus-Merced AA						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	0.3	1.2	0	0.0	0	0.0
Moderate						
2019	17.5	14.4	1	25.0	238	38.9
Middle						
2019	41.9	46.3	2	50.0	110	18.0
Upper						
2019	40.3	38.2	1	25.0	264	43.1
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	4	100.0	612	100.0
<i>Source: 2019 D&B Data; Bank Data; 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

TCB did not make any small farm loans in low-income CTs, as there are limited opportunity as reflected by aggregated performance and percentage of farms in low-income tracts. However, TCB demonstrates excellent penetration in moderate-income CTs, exceeding aggregate performance by 10.6 percent. TCB's performance is responsive to the opportunity and needs within the AA, compared to the percentage of farms in moderate-income CTs.

Borrower Profile

The distribution of borrowers reflects good penetration among retail customers of different income levels, and business and farm customers of different revenue sizes. This conclusion is supported by a distribution of small business borrowers that reflects adequate penetration, home mortgage borrowers that reflects good penetration, and small farm borrowers that reflects excellent penetration.

Small Business Loans

The distribution of small business loans reflects adequate penetration to businesses of different revenue sizes within the Stanislaus-Merced AA. The following table shows the distribution of small business lending by GARs.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Stanislaus-Merced AA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	85.1	46.2	24	38.1	5,027	34.2
>1,000,000						
2019	4.7	--	37	58.7	9,044	61.4
Revenue Not Available						
2019	10.2	--	2	3.2	650	4.4
Totals						
2019	100.0	100.0	63	100.0	14,721	100.0
<i>Source: 2019 D&B Data; Bank Data; 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

As shown in the table below, TCB’s small business lending activity is below the aggregate lenders by 8.1 percentage points in 2019. Although, performance is below aggregate lenders, the bank is consistently providing financing to small businesses within the AA. TCB performance is trending upward from 2018.

Home Mortgage Loans

The distribution of home mortgage lending in the Stanislaus-Merced AA reflects good penetration to borrowers of different income levels. The following table shows the distribution of home mortgage lending by borrower income levels.

Distribution of Home Mortgage Loans by Borrower Income Level						
Stanislaus-Merced AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	22.9	2.5	6	5.7	588	2.6
Moderate						
2019	17.2	9.2	10	9.5	937	4.1
Middle						
2019	18.3	21.7	14	13.3	1,588	6.9
Upper						
2019	41.6	45.4	63	60.0	12,620	55.1
Not Available						
2019	0.0	21.3	12	11.5	7,188	31.4
Totals						
2019	100.0	100.0	105	100.0	22,921	100.0
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

TCB exceeded aggregate performance with home mortgages to low-income families by 3.2 percent. While the percentage of low-income families within the AA shows opportunity, TCB's performance is excellent. TCB is comparable to aggregate performance of lending to moderate-income borrowers at 0.3 percent higher performance. Overall, home mortgage lending for TCB reflect good penetration.

Small Farms Loans

The distribution small farm loans reflects excellent penetration among farm borrowers of different income levels within the Stanislaus-Merced AA. The following table shows the distribution of the bank's small farm lending by GARs.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Stanislaus-Merced AA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	89.7	49.0	4	100.0	612	100.0
>1,000,000						
2019	8.1	--	0	0.0	0	0.0
Revenue Not Available						
2019	2.2	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	4	100.0	612	100.0

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

TCB’s record of small farm lending to borrowers of different revenue sizes reflects excellent penetration within the Stanislaus-Merced AA. The above table shows that TCB’s farm lending activity is aligned with the level of opportunity and the bank exceeded aggregated performance.

Community Development Loans

TCB has made an adequate level of community development loans in the AA. Overall, the bank made 4 community development loans totaling \$4.2 million. This represents a slight increase from the previous evaluation, where the bank made 3 community development loans totaling \$2.5 million. While previous performance was considered, it does not change the conclusions for the overall lending test.

Community Development Lending – Stanislaus-Merced AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	1	693	0	0	0	0	0	0	1	693
2019	0	0	0	0	3	3,475	0	0	3	3,475
2020	0	0	0	0	0	0	0	0	0	0
YTD 2021	0	0	0	0	0	0	0	0	0	0
Total	1	693	0	0	3	3,475	0	0	4	4,168

Source: Bank Records

Below are notable examples of community development loans originated in the Stanislaus-Merced AA during the review period.

- In 2018, the bank originated approximately a \$2.0 million loan to purchase an apartment complex located in a moderate-income CT. Seventeen of the 48-units are rented to Section

8 tenants or 35 percent, which amounts to a \$693,000 qualified community development loan.

- In 2019, the bank originated 2 loans totaling \$3.2 million that benefit the local economy by retaining 26 jobs, and potentially creating 5 new positions. The borrower owns and operates three assisted living care-facilities in Riverbank, CA. Many of the low- and moderate-income residents come from Stanislaus, San Joaquin, Tuolumne, and San Mateo counties. These counties pay rents and a “trans rate,” that covers the services each month.

INVESTMENT TEST

The bank’s Investment Test performance in the Stanislaus-Merced AA is adequate. The bank has made few investments in the AA, due in part to limited investment opportunities.

Investment and Grant Activity

TCB has an adequate level of qualified community development investments and grants, although rarely in a leadership position, within the Stanislaus-Merced AA. During the evaluation period, examiners qualified 7 donations totaling \$13,000, and 5 investments totaling \$901,138. This included 1 new economic development investments for \$375,000 and 4 prior period investments that support affordable housing and economic development. While the amount of investment activity nearly doubled for this AA, the bank's activity remains consistent with the prior evaluation review period when considering overall asset growth. However, investment activity in the Stanislaus-Merced AA is below investment activity in each of the other full-scope AAs.

Qualified Investments and Donations – Stanislaus-Merced AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	3	195	0	0	1	331	0	0	4	526
2018	0	0	0	0	1	375	0	0	1*	375*
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
YTD 2021	0	0	0	0	0	0	0	0	0	0
Subtotal	3	195	0	0	2	706	0	0	5	901
Qualified Grants & Donations	3	6	4	7	0	0	0	0	7	13
Total	6	201	4	7	2	706	0	0	12	914

Source: Bank Records; * Reflects portion of funds allocated from an economic development investment that was allocated to multiple assessment areas.

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and community economic development needs. Economic development and small business lending are primary credit need of the AA and the bank made 77.2 percent of its investment and donation to economic development.

Community Development Initiatives

The institution rarely uses innovative and/or complex investments to support community development initiatives in the Stanislaus-Merced AA.

SERVICE TEST

The bank’s Service Test performance in the Stanislaus-Merced AA is poor.

Accessibility of Delivery Systems

Delivery systems are accessible to limited portions of the AA. TCB operates 4 traditional branches, and 1 LPO. Additionally, TCB has 5 deposit-taking ATMs in the AA. The bank’s AA branch distribution and alternative delivery systems are below the bank-wide AA performance in low- and moderate-income geographies. The following table shows the branch and ATM locations within the AA.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	5	3.5	23,941	3.0	0	0	0	0
Moderate	47	32.9	214,185	27.1	0	0	0	0
Middle	55	38.5	318,348	40.2	2	50.0	3	60.0
Upper	36	25.1	234,778	29.7	2	50.0	2	40.0
NA	0	0	0	0	0	0	0	0
Total	143	100	791,252	100.0	4	100.0	5	100.0

Source: 2015 ACS Data & Bank Records

The bank has no branches in low- and moderate-income geographies in this AA. This distribution of branches in low- and moderate-income geographies is poor compared to the percent CTs and population in the AA.

Changes in Branch Locations

To the extent changes have been made, the bank’s record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in low-income and moderate-income geographies or individuals. The bank closed one branch in an upper-income geography and immediately opened a new branch in an upper-income tract with better parking and

visibility. This closure did not have any impact to low- and moderate-income geographies or individuals in the AA.

Reasonableness of Business Hours and Services

Service and business hours do not vary in a way that inconveniences portions of the AA. Products and services offered within the AA are consistent with the institution overall. All AA branch offices are open Monday-Thursday from 9:00 a.m. to 5:00 p.m., and on Friday from 9:00 a.m. to 5:00 p.m. or 6:00 p.m. Additionally, two branches have drive-up from 9:00 a.m. to 5:00 p.m. or 6:00 p.m. Monday- Friday and from 9:00 a.m. to 1:00 p.m. on Saturday.

Community Development Services

TCB provided limited community development services in the Stanislaus-Merced AA. During the evaluation period, 1 bank employee provided 7 instances of financial expertise or technical assistance to 1 organization in the AA for a total of 21.5 hours. This represents 1.3 percent of total organizations, 1.3 percent of total instances, and 0.5 percent of total hours performed within the Bank-Wide AA compared to 1.1 percent of total organization, 2.4 percent total instance, and nominal percent at the previous evaluation. The following table illustrates the bank’s community development services provided by instances in the Stanislaus-Merced AA during the evaluation period:

Community Development Services – Stanislaus-Merced AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018 (Partial)	0	6	0	0	6
2019	0	1	0	0	1
2020	0	0	0	0	0
YTD 2021	0	0	0	0	0
Total	0	7	0	0	7
<i>Source: Bank Data</i>					

All of the community service activity was directed towards community services that primarily serve the needs of low- and moderate-income individuals. Below are notable example of community development service.

- A bank employee served on a committee providing financial expertise and technical assistance on expenditure oversight of a school district where a majority of students are low- and moderate income. The number of hours decreased since the previous evaluation from 30 to 21.5 hours.

OTHER ASSESSMENT AREAS – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE REVIEW ASSESSMENT AREAS

The following table summarizes the conclusions for the AAs reviewed using limited-scope examination procedures. Examiners drew conclusions regarding the institution’s CRA performance from reviewing available facts and data, including aggregate lending data and demographic information. The conclusions from the limited scope reviews did not alter the bank’s overall performance rating.

Assessment Area	Lending Test	Investment Test	Service Test
Fresno-Madera AA	Consistent	Below	Below
Kern AA	Below	Below	Below
Tulare AA	Below	Below	Below

Facts and data supporting conclusions for each limited-scope AA follow, including a summary of TCB’s operations and activities. Demographic data, deposit market share information, and geographic distribution and borrower profile tables for limited-scope AAs are included in the Appendices.

Fresno-Madera AA

The Fresno-Madera AA includes 222 CTs within Fresno and Madera Counties. TCB operates three branches, one in a moderate- and two in upper-income tracts; and one LPO. Additionally, the bank has three ATMs (two in moderate- and one in an upper-income tract). Branch distribution and alternative delivery systems are consistent with the institution overall.

Activity	#	\$(000's)
Small Business Loans	105	17,719
Home Mortgage Loans	111	81,521
Small Farm Loans	31	5,603
Community Development Loans	7	33,023
Investments (New)	1	750
Investments (Prior Period)	5	1,415
Donations	23	129
CD Services	149.5	-
<i>Source: Bank Data</i>		

The number of instances 15 totaling 149.5 hours is down from 22 instances totaling 308.5 hours at the prior evaluation. All of the bank’s service hours were directed to economic development in the Fresno-Madera AA. This performance is below the bank’s overall performance.

Kern AA

The Kern AA includes 151 CTs within Kern County. The bank did not make any changes to the institution’s branches during the evaluation period. TCB operates one branch and one LPO, as well

as one ATM all three in middle-income tracts within this AA. Branch distribution and alternative delivery systems are consistent with the institution overall.

Activity	#	\$(000's)
Small Business Loans	60	16,630
Home Mortgage Loans	31	95,288
Small Farm Loans	9	2,584
Community Development Loans	2	3,963
Investments (New)	1	375
Investments (Prior Period)	6	2,250
Donations	7	24
CD Services	118	-
<i>Source: Bank Data</i>		

The number of instances 5 totaling 118 hours is up from only 1 instance totaling 15 hours at the previous evaluation. All of the 118 service hours were directed to community services providing financial education. Although there was an increase in number of instances and service hours, it is still below the bank-wide AA performance.

Tulare AA

The Tulare AA includes 78 CTs within Tulare County. TCB operates one branch and one ATM both in upper-income tracts within this AA. Branch distribution and alternative delivery systems are consistent with the institution overall.

	#	\$(000's)
Small Business Loans	39	6,461
Home Mortgage Loans	17	44,298
Small Farm Loans	8	1,547
Community Development Loans	0	0
Investments (New)	1	500
Investments (Prior Period)	1	331
Donations	10	23
CD Services	0	-
<i>Source: Bank Data</i>		

The bank had no instances or service hours in this AA. This compares to 7 instances totaling 95 services hours at the previous evaluation. This service test performance is below the overall bank-wide AA performance.

Geographic Distribution

Small Business Loans

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																	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
Fresno-Madera AA	60	9,564	51.7	20,882	5.7	5.0	4.2	26.7	30.0	22.9	22.2	26.7	23.8	44.1	38.3	48.3	1.2	0.0	0.8
Kern AA	37	10,538	31.9	15,184	5.7	8.1	4.5	19.9	5.4	17.5	27.5	29.7	24.6	46.1	56.8	52.7	0.7	0.0	0.7
Tulare AA	19	4,290	16.4	6,846	1.1	0.0	0.9	28.9	15.8	26.9	28.7	21.1	29.8	41.3	63.2	42.3	0.0	0.0	0.0
Total	116	24,392	100.0	42,912	5.0	5.2	3.8	24.6	19.8	21.6	25.1	26.7	25.1	44.4	48.3	48.9	0.8	0.0	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%

Home Mortgage Loans

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																	2019		
	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
Fresno-Madera AA	48	12,792	60.0	33,082	2.7	0.0	2.0	22.6	41.7	18.9	23.6	12.5	21.5	51.0	45.8	57.6	0.0	0.0	0.0
Kern AA	20	12,667	25.0	27,175	5.6	5.0	3.7	15.8	10.0	11.0	32.3	15.0	29.3	46.2	70.0	55.4	0.1	0.0	0.5
Tulare AA	12	43,150	15.0	13,956	1.3	0.0	0.5	23.6	8.3	14.9	31.8	50.0	30.4	43.3	41.7	54.2	0.0	0.0	0.0
Total	80	68,609	100.0	74,213	3.5	1.3	2.3	20.3	28.8	15.2	28.3	18.8	26.0	47.8	51.3	56.2	0.0	0.0	0.2

Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Small Farm Loans

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography																		2019		
Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	
Fresno-Madera AA	12	2,504	70.6	791	3.6	0.0	1.4	25.0	8.3	25.7	31.7	50.0	34.1	39.6	41.7	38.8	0.1	0.0	0.0	
Kern AA	4	999	23.5	276	4.5	0.0	2.2	20.9	0.0	24.6	32.2	50.0	36.2	40.3	50.0	35.9	2.1	0.0	1.1	
Tulare AA	1	10	5.9	435	0.8	0.0	1.4	37.7	100.0	40.5	26.8	0.0	26.7	34.7	0.0	31.5	0.0	0.0	0.0	
Total	17	3,513	100.0	1,502	3.1	0.0	1.5	27.3	11.8	29.8	30.6	47.1	32.4	38.5	41.2	36.2	0.6	0.0	0.2	

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%

Borrower Profile

Small Business Loans

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											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	
Fresno-Madera AA	60	9,564	51.7	20,882	85.4	30.0	42.7	4.9	70.0	9.7	0.0	
Kern AA	37	10,538	31.9	15,184	85.7	40.5	42.7	4.4	56.8	9.9	2.7	
Tulare AA	19	4,290	16.4	6,846	82.7	52.6	43.0	5.4	47.4	11.9	0.0	
Total	116	24,392	100.0	42,912	85.1	37.1	42.7	4.8	62.1	10.1	0.9	

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%

Home Mortgage Loans

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																	2019		
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
Fresno-Madera AA	48	12,792	60.0	33,082	24.9	6.3	2.5	16.1	14.6	8.2	16.7	16.7	18.3	42.3	37.5	50.1	0.0	25.0	20.9
Kern AA	20	12,667	25.0	27,175	24.8	0.0	2.4	16.4	10.0	9.8	16.1	10.0	18.9	42.7	40.0	44.6	0.0	40.0	24.3
Tulare AA	12	43,150	15.0	13,956	23.3	8.3	1.5	17.6	0.0	7.1	16.8	8.3	17.3	42.3	50.0	47.4	0.0	33.3	26.6
Total	80	68,609	100.0	74,213	24.6	5.0	2.3	16.5	11.3	8.6	16.5	13.8	18.4	42.4	40.0	47.6	0.0	30.0	23.2

Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Small Farm Loans

Assessment Area Distribution of Loans to Farms by Gross Annual Revenues										2019	
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Fresno-Madera AA	12	2,504	70.6	791	90.1	66.7	52.3	7.8	16.7	2.1	16.7
Kern AA	4	999	23.5	276	87.7	75.0	42.4	9.1	25.0	3.2	0.0
Tulare AA	1	10	5.9	435	86.4	0.0	46.2	11.3	100.0	2.3	0.0
Total	17	3,513	100.0	1,502	88.6	64.7	48.7	9.0	23.5	2.4	11.8

*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%*

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 AAs(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 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

Tri Counties Bank	
Scope of Examination: Full scope reviews were performed on following assessment areas within the noted rate areas: State of California: Sacramento Assessment Area Butte Assessment Area Shasta-Tehama Assessment Area Bay Area Assessment Area Rural Northern CA and North Coast Assessment Area Stanislaus-Merced Assessment Area	
Time Period Reviewed:	2/27/2018 to 1/19/2021
Products Reviewed: CD Loans: (2/27/2018 through 1/19/2021) Home Mortgage Loans: (1/1/2018 through 12/31/2019) Small Business Loans: (1/1/2018 through 12/31/2019) Small Farm Loans: (1/1/2018 through 12/31/2019)	

List of Assessment Areas and Type of Evaluation			
Rated Area/ Assessment Area	Type of Evaluation	Branches Visited	Other Information
State of California:			
Sacramento AA	Full-scope	None	None
Butte AA	Full-scope	None	None
Shasta-Tehama AA	Full-scope	None	None
Bay Area AA	Full-scope	None	None
Rural Northern CA and North Coast AA	Full-scope	None	None
Stanislaus-Merced AA	Full-scope	None	None
Fresno-Madera AA	Limited-scope	None	None
Kern AA	Limited-scope	None	None
Tulare AA	Limited-scope	None	None

DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS

Fresno-Madera AA

Economic and Demographic Data

The following table show select demographic, housing, business, and farm information within the Fresno-Madera AA.

Demographic Information of the Assessment Area						
Fresno Madera AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	222	8.1	33.8	22.5	34.7	0.9
Population by Geography	1,109,936	7.3	33.8	23.6	34.7	0.6
Housing Units by Geography	371,659	6.6	31.4	23.7	38.2	0.2
Owner-Occupied Units by Geography	182,749	2.7	22.6	23.6	51.0	0.0
Occupied Rental Units by Geography	156,715	10.9	42.4	23.6	22.8	0.3
Vacant Units by Geography	32,195	7.6	27.3	24.5	40.4	0.2
Businesses by Geography	58,832	5.7	26.7	22.2	44.1	1.2
Farms by Geography	3,651	3.6	25.0	31.7	39.6	0.1
Family Distribution by Income Level	249,307	24.9	16.1	16.7	42.3	0.0
Household Distribution by Income Level	339,464	25.0	16.2	16.1	42.7	0.0
Median Family Income MSA - 23420 Fresno, CA MSA		\$49,999	Median Housing Value			\$187,488
Median Family Income MSA - 31460 Madera, CA MSA		\$49,272	Median Gross Rent			\$919
			Families Below Poverty Level			21.6%

*Source: 2015 ACS and 2019 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.*

As of 2019, the AA's 58,832 businesses reported GARs as follows:

- 85.4 percent reported \$1.0 million or less;
- 4.9 percent reported more than \$1.0 million; and
- 9.8 percent did not report revenues.

Additionally, as of 2019, the AA's 3,651 farms reported GARs as follows:

- 90.1 percent reported \$1.0 million or less;
- 7.8 percent reported more than \$1.0 million; and

- 2.1 percent did not report revenues.

According to the 2019 D&B data, Services represent the largest industry at 37.8 percent of businesses. This is followed by non-classified establishments at 14.5 percent; retail trade at 13.4 percent; finance, insurance and real estate at 7.8 percent; and construction at 7.1 percent. In addition, 64.9 percent of area businesses have 4 or fewer employees, and 89.7 percent operate from a single location.

Data obtained from the BLS illustrates changes in unemployment rates. Unemployment rates in California and the United States decreased from 2018 to 2019, with state unemployment slightly higher than the national average each year. The AA experienced consistent unemployment rates ranging from a low of 6.9 percent to a high of 7.6 percent during 2018 and 2019. In 2020, the AA, state, and nation experienced significant increases in unemployment with the AA increase as high as 11.6 percent with exceeded California and nationwide rates. These increases are attributed to the onset of COVID-19.

The following table shows the unemployment rates for the AA, California, and nation-wide for all three years.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Fresno, California MSA #	7.6	7.3	11.6
Madera, California MSA #	7.1	6.9	10.8
State of California	4.3	4.2	10.2
National Average	3.9	3.7	8.1
<i>Source: Bureau of Labor Statistics</i>			

Fresno, California MSA

According to the November 2020 Moody’s Analytics Precis Report, Fresno’s economic recovery since the onset of the pandemic has generally mirrored the states. The area is home to Fresno State University, which has conducted classes online and will continue to do so through the spring. This has had a negative effect on the businesses that benefit from student spending and support. The local housing market has seen housing starts return to pre-pandemic levels and there has been significant appreciation in housing prices. Fresno has a relatively young population, which has contributed to household formations and helped to drive housing prices higher. The top industries by employment are government, education and health services, and retail trade, which represent 20.7 percent, 20.1 percent, and 10.7 percent of total employment; respectively. The top employers in the MSA are Community Medical Center, Ruiz Food Products, and Kaiser Permanente.

Madera, California MSA

According to the November 2020 Moody’s Analytics Precis Report, Madera’s economy has struggled to regain momentum after the pandemic started. It has only recovered about 16.0 percent of jobs originally lost and the unemployment rate remains elevated. The area’s economy is heavily reliant on agricultural production, which accounts for three-fourths of exported goods and 20.0 percent of the areas earnings. The proportion of the areas earnings that rely on agriculture is the highest of any metro area in the nation. Madera County produces over 10.0 percent of California’s almonds, and almond prices remain depressed relative to their peak in 2014. Farming operations have struggled to find labor as COVID-19 has impacted migrant workers. The top industries by employment are government, education and health services, and retail trade, which represent 28.3 percent, 22.4 percent, and 10.0 percent of total employment, respectively. The top employers in the MSA are Children’s Hospital Central California, Chukchansi Gold Resort & Casino, and Valley State Prison for Women.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Fresno, CA MSA Median Family Income (23420)				
2018 (\$55,500)	<\$27,750	\$27,750 to <\$44,400	\$44,400 to <\$66,600	≥\$66,600
2019 (\$57,300)	<\$28,650	\$28,650 to <\$45,840	\$45,840 to <\$68,760	≥\$68,760
Madera, CA MSA Median Family Income (31460)				
2018 (\$55,200)	<\$27,600	\$27,600 to <\$44,160	\$44,160 to <\$66,240	≥\$66,240
2019 (\$59,100)	<\$29,550	\$29,550 to <\$47,280	\$47,280 to <\$70,920	≥\$70,920
<i>Source: FFIEC</i>				

The market for financial services is highly competitive. According to the June 30, 2020 Deposit Market Share Report, 23 institutions operated 139 branches and held \$18.6 billion in deposits within the AA. TCB maintained 2 branches in the AA and had a market share of 0.8 percent of deposits. The top 3 financial institutions by market share include Wells Fargo Bank, Bank of America, and JP Morgan Chase Bank, which represent 50.9 percent of deposits in the AA.

The Fresno-Madera AA has a high level of competition for small business loans in the area. In 2019, 111 lenders reported 21,200 small business loans totaling \$770.7 million within the AA. TCB ranked 41st with 0.3 percent of the market share.

Home mortgage lending competition in the Fresno-Madera AA is high. For 2019, 500 lenders reported 25,864 home mortgage loans totaling \$6.6 billion in the AA. TCB is ranked 83rd with a 0.2 percent of the market share.

Finally, the Fresno-Madera AA is highly competitive for small farm loans with 27 lenders in 2019 originating or purchasing \$55.7 million in small farm loans and TCB ranked 13th with a 1.5 percent of the market share. Additionally, small farm lending options through FCS make the area highly competitive.

Kern AA

Economic and Demographic Data

The following table shows select demographic, housing, business, and farm information within the Kern AA.

Demographic Information of the Assessment Area						
Kern AA						
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	43,852	5.7	19.9	27.5	46.1	0.7
Farms by Geography	1,732	4.5	20.9	32.2	40.3	2.1
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%

*Source: 2015 ACS and 2019 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.*

As of 2019, the AA's 43,852 businesses reported GARs as follows:

- 85.7 percent reported \$1.0 million or less;
- 4.4 percent reported more than \$1.0 million; and
- 9.9 percent did not report revenues,

Additionally, as of 2019, the AA's 1,732 farms reported GARs as follows:

- 87.7 percent reported \$1.0 million or less;

- 9.1 percent reported more than \$1.0 million; and
- 3.2 percent did not report revenues.

According to the 2019 D&B data, Services represent the largest industry at 38.5 percent of businesses. This is followed by non-classified establishments, and retail trade at 14.0 percent; construction at 7.5 percent; and finance, insurance, and real estate at 6.8 percent. In addition, 65.0 percent of area businesses have 4 or fewer employees, and 89.3 percent operate from a single location.

Data obtained from the BLS illustrates changes in unemployment rates. Unemployment rates in California and the United States decreased from 2018 to 2019, with state unemployment slightly higher than the national average each year. The AA experienced consistent unemployment rates ranging from a low of 7.7 percent to a high of 8.1 percent during 2018 and 2019. In 2020, the AA, state, and nation experienced significant increases in unemployment with the AA increase as high as 13.4 percent exceeding California and the nation. These increases are attributed to the onset of COVID-19.

The following table shows the unemployment rates for the AA, California, and nation-wide for all three years.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Bakersfield MSA #12540	8.1	7.7	13.4
State of California	4.3	4.2	10.2
National Average	3.9	3.7	8.1
<i>Source: Bureau of Labor Statistics</i>			

Bakersfield, California MSA

According to the November 2020 Moody’s Analytics Precis Report, the Bakersfield MSA has been experiencing a very slow recovery since the onset of COVID-19. The area has only recouped about 39.0 percent of the jobs lost in 2020, which compares poorly with the percent of jobs the state and nation have recouped at 46.0 and 56.0 percent, respectively. This area’s economy is heavily reliant on agriculture and oil prices. Kern County is one of the largest producers of agricultural products in California, and is one of the most farm income-dependent areas in the nation. Additionally, the area has access to vast shale oil deposits, which had bolstered the mining industry until oil prices collapsed. The area’s agricultural producers have seen modest prices increase throughout 2020 and has benefited from a two-year wage freeze for foreign workers. However, the high volatility in oil prices and decreased demand due to the pandemic has caused the areas high paying mining jobs to continue to decrease since the onset of the pandemic. The top industries by employment are government, education and health services, and retail trade, which represent 24.7 percent, 14.9 percent, and 11.4 percent of total employment, respectively. The top employers in the MSA are Edwards Air Force Base, China Lake Naval Weapons Center, and Grimmway Farms.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Bakersfield, CA MSA Median Family Income (12540)				
2018 (\$58,700)	<\$29,350	\$29,350 to <\$46,960	\$46,960 to <\$70,440	≥\$70,440
2019 (\$57,900)	<\$28,950	\$28,950 to <\$46,320	\$46,320 to <\$69,480	≥\$69,480
<i>Source: FFIEC</i>				

The market for financial services is highly competitive. According to the June 30, 2020 Deposit Market Share Report, 20 institutions operated 87 branches and held \$10.5 billion of deposits within the AA. TCB maintains 1 branch in the AA, which represented 0.7 percent market share. The top 3 financial institutions by market share include Wells Fargo Bank, Bank of America, and JP Morgan Chase Bank, which hold a combine 55.6 percent of deposits in the AA.

The Kern AA has a high level of competition for small business loans in the area. In 2019, 99 lenders reported 15,490 small business loans totaling \$483.3 million within the AA. TCB ranked 36th with a 0.2 percent of the market share.

Home mortgage lending competition in the Kern AA is high. For 2019, 480 lenders reported 20,279 home mortgage loans totaling \$4.4 billion in the AA. TCB ranked 119th with a 0.1 percent of the market share.

Finally, the Kern AA is highly competitive for small farm loans with 20 lenders in 2019 originating or purchasing \$306 in small farm loans and TCB ranked 13th with a 1.3 percent of the market share. Additionally, small farm lending options through FCS make the area highly competitive.

Tulare AA

Economic and Demographic Data

The following table shows select demographic, housing, business, and farm information within the Tulare AA.

Demographic Information of the Assessment Area						
Tulare AA						
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	18,392	1.1	28.9	28.7	41.3	0.0
Farms by Geography	1,844	0.8	37.7	26.8	34.7	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 2019 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>						

As of 2019, the AA's 18,392 businesses reported GARs as follows:

- 82.7 percent reported \$1.0 million or less;
- 5.4 percent reported more than \$1.0 million; and
- 12.0 percent did not report revenues.

Additionally, as of 2019, the AA's 1,844 farms reported GARs as follows:

- 86.4 percent reported \$1.0 million or less;
- 11.3 percent reported more than \$1.0 million; and
- 2.3 percent did not report revenues.

According to 2019 D&B data, Services represent the largest industry at 36.3 percent of businesses. This is followed by retail trade at 14.9 percent; non-classified establishments at 11.5 percent; agriculture, forestry, and fishing at 9.1 percent; and construction at 7.4 percent. In addition, 64.4 percent of area businesses have 4 or fewer employees, and 87.7 percent operate from a single location.

Data obtained from the BLS illustrates changes in unemployment rates. Unemployment rates in California and the United States decreased from 2018 to 2019, with state unemployment slightly higher than the national average each year. The AA experienced generally consistent

unemployment rates ranging in 2018 and 2019 at 9.8 percent and 9.6 percent, respectively. In 2020, the AA, state, and nation experienced significant increases in unemployment with the AA increase as high as 14.1 percent, which exceeded California and the nationwide rate. These increases are attributed to the onset of COVID-19.

The following table shows the unemployment rates for the AA, California, and nation-wide for all three years.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Visalia, California MSA #47300	9.8	9.6	14.1
State of California	4.3	4.2	10.2
National Average	3.9	3.7	8.1
<i>Source: Bureau of Labor Statistics</i>			

According to the November 2020 Moody’s Analytics Precis Report, the primary drivers of MSA’s economy are agriculture and manufacturing. The area’s economic recovery has been on par with the rest of the state with respect to recouping pandemic related job losses. Tulare County’s top agricultural products are somewhat diverse, and include milk, cattle, pistachios, oranges, grapes, nectarines, and other fruits. However, the economy is still exposed to volatility due to a high concentration of economic activity in agriculture production and manufacturing that adds value to those products. Additionally, the MSA has a higher reliance on manufacturing jobs, which primarily consist of processes that add value to the agricultural products and are at high risk of being lost to automation. The top industries by employment are government, education and health services, retail trade, and manufacturing, which represent 25.6 percent, 13.3 percent, 12.6 percent, and 10.0 percent of total employment, respectively. The top employers in the MSA are Kaweah Delta Healthcare, Ruiz Food Products, and Porterville State Development Center.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Visalia, CA MSA Median Family Income (47300)				
2018 (\$49,200)	<\$24,600	\$24,600 to <\$39,360	\$39,360 to <\$59,040	≥\$59,040
2019 (\$50,900)	<\$25,450	\$25,450 to <\$40,720	\$40,720 to <\$61,080	≥\$61,080
<i>Source: FFIEC</i>				

The market for financial services is highly competitive. According to the June 30, 2020 Deposit Market Share Report, 14 institutions operated 55 branches and held \$6.3 billion in deposits within the AA. TCB operates a single branch, and had the smallest share of deposits at 0.3 percent of deposits. The top financial institutions by market share are Bank of the Sierra, Bank of America, and Wells Fargo Bank, which represent a combine market share of 53.6 percent.

The Tulare AA has a high level of competition for small business loans in the area. In 2019, 81 lenders reported 7,022 small business loans totaling \$237.6 million within the AA. TCB ranked 37th with 0.3 percent of the market share.

Home mortgage lending competition in the Tulare AA is high. For 2019, 338 lenders reported 10,005 home mortgage loans totaling \$2.2 billion in the AA. TCB is ranked 85th with 0.1 percent of the market share.

Finally, the Tulare AA is highly competitive for small farm loans with 18 lenders in 2019 originating or purchasing \$29.5 million in small farm loans and TCB ranked 18th with a 0.2 percent of the market share. Additionally, small farm lending options through FCS make the area highly competitive.

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 (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that 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 (e.g., 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.