PUBLIC DISCLOSURE

September 22, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

West Coast Community Bank
Certificate Number: 57591

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Santa Cruz, California 95060

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

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

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INSTITUTION RATING

INSTITUTION'S Community Reinvestment Act (CRA) RATING: This institution is rated **Satisfactory.**

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

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	**Investment Test**	**Service Test**
Outstanding	-	-	-
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 excellent responsiveness to the AAs' credit needs.
- A high percentage of loans are made in the institution's AAs.
- The geographic distribution of loans reflects adequate penetration throughout the AAs.
- The distribution of borrowers reflects poor penetration among business customers of different revenue sizes.
- The institution exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its AAs, low-income individuals, and/or very small businesses, consistent with safe and sound banking practices.
- The institution is a leader in making community development (CD) loans.
- The institution makes extensive use of innovative or flexible lending practices in order to serve the AA credit needs.

The Investment Test is rated <u>High Satisfactory.</u>

- The institution has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits good responsiveness to credit and CD needs.
- The institution makes significant use of innovative and/or complex investments to support CD initiatives.

The Service Test is rated <u>Low Satisfactory.</u>

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

DESCRIPTION OF INSTITUTION

West Coast Community Bank (WCCB), formerly known as Santa Cruz County Bank (SCCB) was established on February 3, 2004. On June 2, 2023, West Coast Company Bancorp acquired SCCB and became a one bank holding company. On October 1, 2024, 1st Capital Bank (1CB) merged with SCCB. Moreover, as of April 1, 2025, the FDIC approved SCCB for a name change to WCCB. The institution does not have any banking-related affiliates or subsidiary relationships relevant to this CRA Performance Evaluation (PE). The FDIC conducted the previous CRA Evaluation dated October 13, 2022, and the bank received an overall "Outstanding" rating based on Interagency Intermediate Small Institution Examination Procedures.

WCCB is a state-chartered, commercial bank headquartered in downtown Santa Cruz, California. Including the main office, WCCB currently operates ten branches located within the state of California. The cities include Aptos, Capitola, Cupertino, King City, Monterey, Salinas, San Luis Obispo, Scotts Valley, and Watsonville.

Before the merger, the institution had seven branches which includes a new branch (upper-income census tract (CT)) that opened in Salinas on December 19, 2022. Through the merger, the institution acquired six additional branches that expanded the branch network into San Luis Obispo County. Due to overlapping branches between the Salinas and Santa Cruz-Watsonville MSAs, the bank consolidated one branch (upper-income CT) and closed three branches: two branches in the Salinas AA (low- and middle-income CTs) and a branch in the Santa Cruz AA (middle-income CT). The closures and consolidation were completed as of January 17, 2025. Additionally, no relocations occurred during this review period.

The institution is predominately a commercial lender with emphasis in maintaining relationships with owner-operated small- to medium-sized businesses, real estate developers, residential construction, and commercial real estate (CRE) construction companies. The institution offers short- and intermediate-term commercial loan products, including commercial term loans and lines of credit, mini-permanent CRE loans, residential and commercial construction loans, and Small Business Administration (SBA) guaranteed loans. The institution is a top-ranking SBA lender, specializing in SBA 7(a) and 504 programs. The institution's deposit focus remains unchanged since the previous evaluation. The institution offers a variety of deposit products including checking, savings, time deposit accounts, and virtual banking solutions. Alternative delivery retail services include online, mobile banking, and deposit taking Automated Teller Machines (ATMs). ATMs are located on the premises at each branch, with the exception of the Cupertino location.

The June 30, 2025, Consolidated Reports of Condition and Income (Call Report) reflected $2.7 billion in total assets, $2.1 billion in total loans, and $359 million in total securities. Total assets increased by approximately 50.0 percent during the current review period. The exponential growth in assets is directly attributed to the merger with 1CB. Considering the institution's lending focus, CRE and commercial-industrial loans represented 66.9 percent of total loans by dollar volume. CRE accounted for $1.2 billion and commercial-industrial loans totaled $224.9 million. The total loans represented 77.8 percent of total assets. Construction and land development loans represent the next highest concentration of the total loans at 11.2 percent; followed by multi-family residential

mortgage loans at 10.9 percent; and closed-end, first- and second-lien, 1- to - 4 family at 6.0 percent. Comprising less significant portions of the loan portfolio includes loans secured by farmland and agricultural production loans at 4.2 percent, and consumer loans at less than 0.1 percent. The bank's loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of June 30, 2025		
Loan Category	**$(000s)**	**%**
Construction and Land Development	235,744	11.2
Secured by Farmland	60,526	2.9
Secured by 1-4 Family Residential Properties	125,947	6.0
Secured by Multifamily (5 or more) Residential Properties	228,931	10.9
Secured by Nonfarm Nonresidential Properties	1,184,654	56.2
Total Real Estate Loans	**1,835,802**	**87.2**
Commercial and Industrial Loans	224,912	10.7
Agricultural Loans	26,674	1.3
Consumer Loans	569	0.0
Obligations of states and political subdivisions in the U.S.	10,673	0.5
Other Loans	11,296	0.5
Lease Financing Receivable (net of unearned income)	0.0	0.0
Less: Unearned Income	(0.0)	(0.0)
Total Loans	**2,109,926**	**100.0**
Source: 6/30/2025 Call Report		

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 institutions to delineate AAs in which their CRA performance will be evaluated. As a result of the merger and acquisition of branches, the bank's delineated AAs includes Santa Cruz, Salinas, and San Luis Obispo. Due to the merger, the San Luis Obispo County is delineated as part of the bank's AA. However, San Luis Obispo AA was not evaluated as part of this evaluation since the consummation of 1CB occurred too recently. Moreover, the institution does not have a full calendar year of reported loan data for 2025. Therefore, the San Luis Obispo AA is not included in the Description of AAs table below.

- **Santa Cruz AA**: Santa Cruz is the only county in the Santa Cruz-Watsonville CA, Metropolitan Statistical Area (MSA) #42100. Santa Clara County is one of the two counties in the San Jose-Sunnyvale-Santa Clara, CA MSA #41940. Santa Cruz and Santa Clara Counties are contiguous and represent a portion of the San Jose-San Francisco-Oakland, CA Combined Statistical Area (CSA) #488.

- **Salinas AA**: Monterey is the only county in the Salinas, CA MSA #41500.

Description of Assessment Areas			
Assessment Area	**Counties in Assessment Area**	**# of CTs**	**# of Branches**
Santa Cruz AA	Santa Cruz, Santa Clara	478	6
Salinas AA	Monterey	104	3
Total		**582**	**9**
Source: Bank Data			

Since the prior evaluation there has been no change to the AAs. The following table details the breakdown of loans, deposits, and branches by rated area as of June 30, 2025.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	**Loans**		**Deposits**		**Branches**	
	$(000s)	**%**	**$(000s)**	**%**	**#**	**%**
Santa Cruz AA	219,573	83.4	1,406,254	63.3	6	66.6
Salinas AA	43,777	16.6	812,333	36.7	3	33.4
Total	**263,350**	**100.0**	**2,218,587**	**100.0**	**9**	**100.0**
Source: Bank Data; FDIC Summary of Deposits (6/30/2025)						

The AAs complied with the technical requirements of the CRA regulation by containing whole geographies, did not arbitrarily excluding any LMI areas, and did not extend beyond a MSA boundary. Refer to the individual AA sections for details regarding demographic and economic information.

Designated Disasters

During the review period, the Federal Emergency Management Agency declared designated disaster areas in both Santa Cruz and Salinas AAs. Therefore, revitalize and stabilization initiatives are a CD need throughout all the AAs.

- CA Severe Winter Storms, Straight Line Winds, Flood, Landslides, Mudslides (DR-4699-CA).
- CA Severe Winter Storms, Tornadoes, Flood, Landslides, and Mudslides (DR-4769-CA).
- CA Severe Winter Storms, Flood, Landslides, and Mudslides (DR-4683-CA).

SCOPE OF EVALUATION

General Information

This evaluation covers the period beginning from the date of the prior evaluation, October 13, 2022, through December 31, 2024. Due to the recent merger with 1CB, the review period for CD activities was shortened to ensure each component and evaluation of the institution's performance aligned with the pre-existing AAs. Moreover, examiners evaluated the bank's CRA performance using the Interagency Large Institution Examination Procedures. Examiners relied on records provided by the institution, reported loan data, public financial and economic information, demographic data, and community contacts.

The Santa Cruz AA received a full-scope review since this is where the institution is headquartered and where a majority of the branches and activities are located. The Salinas AA also received a full scope review because this AA has not received two consecutive full-scope reviews. Based on the lending activity, deposit concentrations, and distribution of branches, the Santa Cruz AA received the greatest weight in rating the overall conclusions followed by the Salinas AA. As previously indicated, the San Luis Obispo AA is not considered for this evaluation. Refer to the individual AA sections for additional details.

Activities Reviewed

Considering the institution's business strategy, loan portfolio composition, and lending activity, examiners determined that the primary product line is small business. The institution was not subject to the Home Mortgage Disclosure Act requirements during the review period. No other loan types, such as small farm loans or consumer loans, represented a major product line. Therefore, they provide no material support for conclusions or ratings and are not analyzed or presented.

For the Lending Test, examiners reviewed the universe of reported small business loans originated or purchased from January 1, 2022, to December 31, 2024. WCCB reported 927 small business loans totaling $317.2 million during the review period. This comprised of 276 small business loans totaling $108.6 million in 2022, 339 small business loans totaling $110.3 million in 2023, and 312 small business loans totaling $98.3 million in 2024. There were no lending anomalies noted throughout the review period. Examiners confirmed with management that the lending performance in 2023 is representative of the evaluation period. Therefore, examiners only presented 2023 lending performance under the Geographic Distribution and Borrower Profile tables.

Examiners reviewed the number and dollar volume of small business loans under the Lending Test. The number of loans is considered a better representation of number of small businesses served. Examiners compared the institution's lending performance to 2023 D&B data and small business aggregate data. Demographic comparisons for small business lending are based on annual D&B survey data. Greater weight is given to the lending performance based on aggregate data rather than demographic data, as aggregate data is a better indicator of actual credit demand. Examiners also compared the lending and CD performance to the prior evaluation and to similarly-situated institutions. Examiners identified several similarly-situated institutions based on asset size,

geographic location, and lending focus. While these institutions may or may not have recent evaluations, they are used for comparison purposes in the analysis/conclusions where available and similar years of performance can be compared. The overall conclusions in this analysis are also based on a variety of performance context issues that affect the individual conclusion(s) within the institution's AA.

The evaluation of CD loans, investments, and services include all qualified activities since the previous evaluation date of October 13, 2022, through December 31, 2024. Examiners evaluated the institution's CD loans, qualified investments/grants, and CD service activities quantitatively based on the institution's financial capacity, as well as qualitatively based on the impact of those activities in the AAs.

Delivery systems for providing retail-banking services include the existing branch network and the alternative delivery systems available throughout the review period. In addition, branch openings and closings, retail banking products targeted to LMI individuals, and services targeted to AA needs are considered in forming applicable Service Test conclusions. Refer to the Service Test for details.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The institution's Lending Test performance is rated "High Satisfactory." The rating is primarily supported by excellent responsiveness in lending activity, a high percentage of loans in the AAs, adequate penetration in geographic distribution, poor penetration in borrower profile, extensive use of innovative and/or flexible lending practices and being a leader in making CD loans. Additionally, the institution exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its AAs. The bank's geographic distribution, borrower profile, and CD lending received the greatest weight in determining the overall rating for the Lending Test across all AAs. The institution's performance in the Santa Cruz and Salinas AAs is consistent with this conclusion.

Lending Activity

The institution's lending levels reflect excellent responsiveness to the AA credit needs. Refer to the AA Concentration table in the section below to see the small business originations by number and dollar volume by year. Refer to the individual AAs for the respective small business loan market share and ranking.

The bank originated 802 small business loans totaling $263.4 million within the AAs. Compared to the prior evaluation, the small business lending activity reflected a significant decrease by number and dollar volume. The decrease in lending activity is largely attributed to the expiration of the SBA Paycheck Protection Program (PPP). Given that a significant number of small businesses received SBA PPP loans in 2021, it is reasonable that performance is affected by a lessened level of loan demand. Despite the steep rise in interest rates beginning in 2023 and the expiration of the SBA PPP, the annualized lending activity remained consistent throughout the evaluation period.

Moreover, the Silicon Valley Business Journal recognized the institution for ranking 1st in SBA loan originations in the Silicon Valley Region and 3rd by dollar volume for the 2023 fiscal year. Additionally, the institution ranks 41st out of 198 SBA 7(a) lenders in the state of California from October 1, 2022, to September 30, 2023. Historically, the institution consistently ranked within the top 25 SBA lenders in the Silicon Valley Region.

Furthermore, over the course of the review period the institution's market share ranking gained a few positions in the areas served. Thus, the institution reflected excellent lending levels. Refer to each respective AA analysis for further details.

Assessment Area Concentration

The institution originated a high percentage of its loans within the bank-wide AA. The table below shows the distribution of the bank's small business lending inside and outside of its AAs. Overall, the small business lending compared similarly to the previous evaluation where the bank originated 88.3 percent and 88.8 percent, by number and dollar volume respectively.

Lending Inside and Outside of the Assessment Area										
Loan Category	**Number of Loans**				**Total #**	**Dollar Amount of Loans $(000)**				**Total $(000)**
	Inside		**Outside**			**Inside**		**Outside**		
	#	**%**	**#**	**%**		**$(000)**	**%**	**$(000)**	**%**	
Small Business										
2022	241	87.3	35	12.7	276	91,635	84.4	16,952	15.6	108,587
2023	299	88.2	40	11.8	339	90,490	82.0	19,817	18.0	110,307
2024	262	84.0	50	16.0	312	81,225	82.6	17,080	17.4	98,305
Total	**802**	**86.5**	**125**	**13.5**	**927**	**263,350**	**83.0**	**53,849**	**17.0**	**317,199**
Source: Bank Data										

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout its AAs. This conclusion is primarily supported by adequate penetration in the Santa Cruz AA. However, the performance in the Salinas AA is above the overall conclusion. Refer to each respective analysis for details.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the AAs, poor penetration among businesses of different revenue sizes. This conclusion is primarily supported by poor performance in Santa Cruz and Salinas AAs. Refer to each AA section for specific details

Innovative or Flexible Lending Practices

The institution makes extensive use of innovative or flexible lending practices to serve AA credit needs. The institution offers loan products and programs that serve the needs of LMI borrowers, particularly small businesses and farms to address CD needs in its AAs. The institution originated 165 innovative or flexible loans totaling $214.6 million during the review period. This rating is consistent across all AAs since these products are offered throughout the institution. A substantial majority of the bank's flexible lending practices leveraged the SBA 7(a) and 504 loan programs. SBA loans are considered flexible due to longer repayment terms, lower down payment requirements, versatile use of funds, and less stringent collateral rules compared to conventional business loans. The institution's innovative and flexible lending volume by number and dollar is comparable to significantly larger banks that have a branch presence in the AAs. The following table demonstrates the institution's innovative and flexible lending activity:

Innovative or Flexible Lending Programs								
Type of Program	**2022**		**2023**		**2024**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
SBA 7A Loans	35	45,423	22	21,572	17	22,061	74	89,056
SBA 504 Loans	28	35,333	38	44,572	14	17,316	80	97,221
United States Department of Agriculture (USDA) Business and Industrial Loans	3	13,985	1	2,770	0	0	4	16,755
Farmer Mac Loans	0	0	3	4,861	4	6,678	7	11,539
Totals	**66**	**94,741**	**64**	**73,775**	**35**	**46,055**	**165**	**214,571**
Source: Bank Records								

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

- SBA 7(a) Loan Program provides flexible financing options that cover various business needs and purposes, such as working capital, equipment purchases and real estate investments. Loan terms may vary, including negotiable interest rates and loan amounts from $350,000 to $5.0 million. Under this program, a portion of the loan is guaranteed by the SBA. The SBA guaranteed or government-insured portion of the loan reduces the risk for the bank, allowing it to lend to other small businesses.

- SBA 504 Loan Program typically promotes the CD purpose of economic development and job creation. SBA 504 loans offer longer repayment terms and fixed rate financing options ideal for major fixed asset purchases or construction/development of new or existing facilities, buildings, land, and equipment/machinery.

- USDA Business & Industrial Guaranteed Loan Program (B&I Loan Program): The institution is approved to offer loans under the B&I Loan Program, administered through the Rural Business-Cooperative Service. The primary purpose of the B&I Loan Program is to improve, develop, or finance business industry and employment and improve the economic

and environmental climate of rural communities. The institution participates in the program to provide guaranteed loans to rural businesses and agricultural businesses.

- USDA Farm Service Agency Loan Program: This is flexible loan program that provides financing to family-sized farmers and ranchers to start, improve, expand, transition, market, and/or strengthen operations. The Farm Service Agency focuses on providing loans to small and start-up businesses, minority and women farmers and ranchers.

- Farmer Mac Loans: WCCB supports agricultural business borrowers and communities through its partnership with Farmer Mac. This partnership enables the institution to offer loans to farmers, ranchers, and Agriculture-Businesses for purposes such as land acquisitions, refinancing, and capital improvements. Farmer Mac loans offer more favorable and flexible loan options including fixed or adjustable-rate loans and long-term credit. The institution originates and facilitates the closing of the loan for Farmer Mac. At loan origination, the loan is purchased by Farmer Mac which also provides the loan servicing. The institution remains as the contact entity for borrowers during the life of the loan.

Innovative and flexible lending programs are offered bank-wide and do not currently vary by AA. Therefore, these practices are only presented in this section and are not presented separately under each AA.

Community Development Loans

The institution is a leader in making CD loans. WCCB's performance in Santa Cruz and Salinas AAs is consistent with this conclusion. The institution's CD lending level for this review represents 13.3 percent of average total assets and 17.5 percent of average total loans. The CD lending reflected a decrease compared to the prior examination where the institution's CD loan activity represented 29.2 percent of average total assets and 39.2 percent of average total loans. During the previous evaluation, the institution originated 1,020 loans totaling $418.9 million. The decrease in CD lending is primarily attributed to the expiration of the SBA PPP lending and low loan demand due to higher interest rates, and high operating costs. It is also worth noting that the previous evaluation was based on a longer review period of approximately 36 months vs. the current review period of approximately 27 months. Similarly-situated institutions also reflected a decrease in lending performance. Although the institution's CD lending reflected a decrease, the performance still exceeds similarly-situated institutions. This is notable considering that the review period of the similarly-situated institutions were much longer.

During the evaluation period, the institution originated 144 CD loans totaling approximately $247.3 million. The institution made 7 CD loans totaling $6.8 million in 2022, 55 CD loans totaling $111.3 million in 2023, and 82 CD loans totaling $129.2 million in 2024. Similar to the prior examination, a majority of the CD loans benefited economic development initiatives and provided capital to businesses. Furthermore, the institution also made a significant number of loans that benefited revitalization or stabilization initiatives. Thus, the institution demonstrated excellent responsiveness throughout the AAs by retaining businesses in LMI geographies and providing jobs to LMI

individuals. The following table illustrates the bank's CD loans during the evaluation period classified by year and CD type.

Community Development Lending by AA										
Assessment Area	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Santa Cruz AA	20	17,603	35	27,315	32	76,925	15	33,569	**102**	**155,412**
Salinas AA	3	13,622	2	760	12	22,123	8	16,937	**25**	**53,442**
Statewide Activities	2	6,210	1	250	10	23,000	4	8,999	**17**	**38,459**
Total	**25**	**37,435**	**38**	**28,325**	**54**	**122,048**	**27**	**59,505**	**144**	**247,313**
Source: Bank Data										

Given that the institution was responsive to the CD needs of its AAs, examiners considered qualified CD loans that benefited areas located in the broader regional area that included the institution's AAs, even if the activity did not have a purpose, mandate, or function of benefiting the bank's AAs.

The following are notable examples of CD loans at the statewide and regional levels:

- The bank originated a $1.7 million loan to purchase a commercial property for an organization that operates a California state-registered electrical and sound apprenticeship program. This supports economic development by creating jobs for LMI individuals and providing workforce development and technical training.

- The bank originated a $3.2 million loan converting office spaces into a mixed-use property with 12 residential units. This loan benefits affordable housing for LMI individuals since all units are below the Department of Housing and Urban Development (HUD) Fair Market Rent.

- The bank originated a $250,000 corporate credit card to a non-profit organization that provides an energy and weatherization services to low-income residents in Monterey, Santa Cruz, and San Mateo Counties through the Home Energy Assistance Program and California Alternate Rates for Energy program.

INVESTMENT TEST

The Investment Test is rated "High Satisfactory." The institution's performance in the Santa Cruz and Salinas AAs is consistent with this conclusion. The investments and grant activity carried the greatest weight in determining the overall investment test rating.

Investment and Grant Activity

The institution has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The

institution made 295 investments, grants, and donations totaling approximately $52.5 million. This represents a significant increase compared to the previous evaluation where the bank made 237 qualified investments, grants, and donations totaling $13.1 million. Since the institution met the needs of the AA, examiners included the prior period's statewide and nationwide investments. Compared to the prior examination, the number of prior period investments significantly increased to 52 investments totaling $38.9 million. The new investments totaled approximately $3.9 million in 2022, $6.1 million in 2023, and $3 million in 2024.

The qualified investments represent 2.8 percent of average total assets and 18.4 percent of average total securities since the previous evaluation. This performance exceeded the previous evaluation where qualified investments represented 0.9 percent of average total assets and 9.4 percent of average total securities. When annualizing total investments, the bank's performance compares to similarly-situated institutions that also made a significant level of qualified CD investments.

The majority of the qualified investments benefited community services by number and dollar volume followed by economic development, affordable housing, and revitalization and stabilization initiatives. The following table details qualified investments, grants, and donations by AA and CD type.

CD Investments by Rated Area										
Assessment Area	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Santa Cruz AA	4	6,100	3	1,521	0	0	1	500	**8**	**8,121**
Salinas AA	0	0	8	8,405	0	0	0	0	**8**	**8,405**
Statewide Activities	2	867	11	12,195	7	3,955	0	0	**20**	**17,017**
Nationwide Activities	4	2,029	6	7,872	16	5,696	2	2,998	**28**	**18,595**
Investments Subtotal	**10**	**8,996**	**28**	**29,993**	**23**	**9,651**	**3**	**3,498**	**64**	**52,138**
Qualified Grants & Donations	19	18	196	314	12	21	4	12	**231**	**365**
Total	**29**	**9,014**	**224**	**30,307**	**35**	**9,672**	**7**	**3,510**	**295**	**52,503**
Source: Bank Data										

CD Investments by Year										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Prior Period	7	1,714	26	27,828	16	5,933	3	3,498	**52**	**38,973**
2022	1	1,282	0	0	5	2,713	0	0	**6**	**3,995**
2023	1	4,000	2	2,165	1	5	0	0	**4**	**6,170**
2024	1	2,000	0	0	1	1,000	0	0	**2**	**3,000**
Subtotal	**10**	**8,996**	**28**	**29,993**	**23**	**9,651**	**3**	**3,498**	**64**	**52,138**
Qualified Grants & Donations	19	18	196	314	12	21	4	12	**231**	**365**
Total	**29**	**9,014**	**224**	**30,307**	**35**	**9,672**	**7**	**3,510**	**295**	**52,503**
Source: Bank Data										

The following are notable examples of qualified investments and donations at the statewide and regional levels:

- The bank invested in a nationwide municipal bond for $2.0 million to improve the city's park and recreation facilities, including the water and wastewater infrastructure. This bond supports revitalization/stabilization in LMI geographies.

- The bank invested $1.0 million into statewide New Market Tax Credit (NMTC) program that focuses on lending to LMI individuals and communities. This investment benefits economic development initiatives.

- The bank made various donations totaling $6,000 to a local affiliate of a national nonprofit that provides homeownership opportunities by building homes for LMI individuals. This donation supports affordable housing initiatives.

Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and CD needs. The majority of the institution's investments benefited community services, economic development, and affordable housing initiatives which are responsive to the credit and CD needs identified by the community contacts. For example, the investments comprised of Low-Income Housing Tax Credit (LIHTC), NMTC, SBA loan pool, Community Development Financial Institutions (CDFIs), and impact bonds to finance the construction cost for multiple schools and school districts throughout the AA. Moreover, the bank retained or renewed Certificate of Deposits totaling $5.5 million in either Minority Depository Institutions or CDFIs. Additionally, qualified grants and donations have been responsive to the needs of charitable and community-based organizations serving residents and businesses in the AA. Many organizations rely on these contributions to continue services. The majority of the qualifying donations supported affordable housing, community services initiatives, and economic development. Many of the community services donations focused on education, including financial literacy and workforce development skills, which benefited LMI individuals and small businesses.

Community Development Initiatives

The institution makes significant use of innovative and/or complex investments to support CD initiatives. Furthermore, the institution retained a variety of investments such as a SBIC totaling $1.7 million that finances small/micro businesses in the bank's AA. Moreover, the institution made 2 investments totaling $1.5 million to a CDFI that utilizes a NMTC program that lends to minorities and LMI communities. Although the CDFI serves a broader statewide area, the institution made investments that included the institution's AAs. Additionally, the bank invested in a new LIHTC totaling $2 million that incentivizes individuals and corporate investors to finance the acquisition, development, and rehabilitation of affordable rental housing projects. Affordable housing projects must meet strict requirements to qualify as a low-income project.

SERVICE TEST

The Service Test is rated "Low Satisfactory." The institution's performance in the Santa Cruz and Salinas AAs is consistent with this conclusion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the bank's AAs. The bank operates 9 branches throughout the AAs: 2 in low-, 0 in moderate-, 4 in middle-, and 3 in upper-income CTs. With the exception of the Cupertino Branch, all branch locations offer walk-up deposit-taking ATMs. Additionally, there is a night depository at each branch. Although there are no branches located in moderate-income geographies, the low-income branches in both Santa Cruz and Salinas AA are located within close proximity of moderate-income CTs. Generally, these branches located in low-income CTs are serving individuals located in LMI geographies.

The institution offers a variety of alternative delivery systems that are available to all customers. The institution's website allows customers to access information on banking products and services, including checking and savings accounts, certificates of deposit, and business checking or savings accounts. The institution also offers digital, mobile, and 24/7 automated telephone banking, which enables customer access to accounts online to check balances on checking and savings accounts; transfer funds; view and pay loans; access bill pay; and send or receive person-to-person payments. Internet-banking services also provide access to all geographies, including LMI geographies. The branch distribution, alternative delivery systems, and services are generally consistent throughout the AAs.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	**Census Tracts**		**Population**		**Branches**		**ATMs**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Low	38	5.8	171,599	5.9	2	20.0	2	25.0
Moderate	135	20.7	612,189	20.9	0	0.0	0	0.0
Middle	271	41.6	1,254,037	42.8	4	50.0	3	37.5
Upper	195	29.9	856,963	29.3	3	30.0	3	37.5
NA	13	2.0	33,791	1.2	0	0.0	0	0.0
Total	**652**	**100.0**	**2,928,579**	**100.0**	**9**	**100.0**	**8**	**100.0**
Source: 2020 US Census Data; Bank Data								

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. Refer to the Description of Institution and/or the respective AA conclusions for details.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and individuals. Full-service branches offer an array of business and consumer deposits and lending products; refer to the Description of Institution for details. Business hours are consistent at all branches, which are operating Monday through Friday from 9:00 a.m. to 5:00 p.m. With the exception of the Cupertino branch, customers can transact at all branches through the use of ATMs on the premises. Additionally, all branches have a night depository.

Community Development Services

The institution provides an adequate level of CD services in its AA. The institution's volume of CD services significantly decreased compared to the previous evaluation which totaled 6,572 hours. For example, during the review period the CD services averaged 13.2 hours per full-time employee. The CD services conducted at the prior evaluation averaged 45.3 hours per full-time employee. Furthermore, the bank's CD service hours are less than one similarly-situated institution that provided a relatively high level of CD services. The majority of the services hours were allocated towards community service activities that targeted LMI households and individuals. A majority of the institution's CD services hours benefited the Santa Cruz AA. Although the number of hours in the Salinas AA is significantly less, the performance is still considered adequate for the AA. Moreover, compared to the prior evaluation the number of CD service hours significantly increased in the Salinas AA. Refer to the respective AAs analysis for further detail.

Community Development Services by Assessment Area					
Assessment Area	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	#	#	#	#
Santa Cruz AA	238	1,371	622	48	**2,279**
Salinas AA	124	243	36	0	**403**
Statewide AA	0	180	42	2	**224**
Total	**362**	**1,794**	**700**	**50**	**2,906**
Source: Bank Data					

Community Development Services by Activity Year					
Activity Year	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	#	#	#	#
2022	9	11	2	0	**22**
2023	159	1,099	398	24	**1,680**
2024	194	684	300	26	**1,204**
Total	**362**	**1,794**	**700**	**50**	**2,906**
Source: Bank Data					

Given that the institution was responsive to the CD needs of its AAs, examiners considered CD services that benefited areas located in the broader regional area that included the bank's AAs, even if the activity did not have a purpose, mandate, or function of benefiting the bank's AAs.

The following are notable examples of CD services that benefited regional or statewide areas:

- An employee served a total of 89.8 hours in 2023 and 2024 as the board chair of a shelter service for homeless families, supporting affordable housing for LMI individuals.
- An employee volunteered 76 hours to the Federal Home Loan Bank's Workforce Initiative Subsidy for Homeownership program, which assists first-time LMI homebuyers to obtain affordable housing.
- Through 2023 and 2024, a bank employee served 11.5 hours as a board member of a regional economic development organization, benefiting small businesses and LMI geographies.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank'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.

SANTA CRUZ AA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SANTA CRUZ AA

The Santa Cruz AA is comprised of the entirety of the Santa Cruz-Watsonville, CA MSA #42100 and a portion of the San Jose-Sunnyvale-Santa Clara, CA MSA#41940 (Santa Clara County). Together, these represent a portion of the San Jose-San Francisco-Oakland, CA CSA #488.

Economic and Demographic Data

According to the 2020 US Census, the Santa Cruz AA contains a total of 478 CTs: 34 low-, 101 moderate-, 194 middle-, 147 upper-income, and 2 CTs with no income designation. The following table shows select demographic, housing, and business data for the AA.

Demographic Information of the Santa Cruz AA

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A* % of #
Geographies (Census Tracts)	478	7.1	21.1	40.6	30.8	0.4
Population by Geography	2,207,120	6.8	20.8	41.4	31.0	0.1
Housing Units by Geography	774,715	5.5	18.2	43.2	33.1	0.1
Owner-Occupied Units by Geography	416,322	2.9	15.0	41.7	40.3	0.1
Occupied Rental Units by Geography	315,267	9.0	22.9	44.8	23.1	0.2
Vacant Units by Geography	43,126	4.0	15.0	44.7	36.1	0.2
Businesses by Geography	230,153	4.4	17.3	40.5	37.8	0.1
Farms by Geography	1,724	3.0	14.5	40.7	41.8	0.0
Family Distribution by Income Level	515,019	22.8	16.2	18.8	42.2	0.0
Household Distribution by Income Level	731,589	25.1	14.9	17.6	42.4	0.0
Median Family Income MSA - 41940 San Jose-Sunnyvale-Santa Clara, CA MSA		$145,548	Median Housing Value			$ 1,076,859
Median Family Income MSA - 42100 Santa Cruz-Watsonville, CA MSA		$109,931	Median Gross Rent			$2,315
			Families Below Poverty Level			4.6%

Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.

The Bureau of Labor Statistics provides data on unemployment rates across the nation. The following table illustrates the unemployment rates for the AA, state of CA, and nationwide from 2022 through year-to-date 2025.

Unemployment Rates				
Area	2022	2023	2024	YTD 2025
	%	%	%	%
Santa Cruz County	5.1	6.2	6.2	6.1
Santa Clara County	2.8	3.5	4.1	3.8
State of CA	4.0	4.1	4.8	4.2
National Average	3.6	3.6	4.0	4.2
Source: Bureau of Labor Statistics				

The Federal Financial Interagency Examination Council updates median family income on an annual basis. The low-, moderate-, middle-, and upper-income levels for the AA are presented in the following table.

Estimated Median Family Income Ranges					
Year	MFI	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥ 120%
San Jose-Sunnyvale-Santa Clara, CA					
2024	$ 180,400	< $90,200	$90,200 to < $144,320	$144,320 to < $216,480	>= $216,480
Santa Cruz-Watsonville, CA					
2024	$ 127,300	< $63,650	$63,650 to < $101,840	$101,840 to < $152,760	>= $152,760
Source: Federal Financial Interagency Examination Council					

In 2024 the businesses within the AA reported gross annual revenues as follows:

- 90.8 percent $1 million or less,
- 3.1 percent more than $1 million, and
- 6.1 percent did not report revenue information.

Professional, Scientific, and Technical Services represent the largest industry at 15 percent of businesses followed by Other Services (except Public Administration) at 8.4 percent, Healthcare and Social Assistance at 7.2 percent, Administrative and Support at 7.2 percent, and Construction at 6.4 percent. In addition, 70.6 percent of area businesses have 4 or fewer employees, and 93.1 percent operate from a single location.

Santa Cruz-Watsonville, CA MSA

According to Moody's Analytics report of July 2025, the economy has made steady progress. Job growth has been consistent and exceeded the region and the state. For example, the public sector and healthcare industries reflected an increase over the past six months. Other sectors such as goods-production have leveled. However, the employment percentages are still well below pre-pandemic levels. Weak population growth affects the local economy. But the recent student body enrollment gains at the University of California, Santa Cruz (UCSC) helped support the growth in the local economy. Enrollment in the fall of 2024 reflected a modestly higher enrollment compared to the prior year. Rising costs has been a main obstacle for the agriculture sector. Drought

conditions vastly improved which has enabled farmers to be more productive and increase farm income. Farmers have encountered challenges because of the federal government's immigration policy and deportations undermine the labor supply since the local farms relies heavily on immigrant workers. Tourism is also a significant income driver for the local economy. However, the slowing of the US and global economy has affected spending particularly in travel and hospitality. Strengths include lower business and housing costs than neighboring technology hubs, steady stream of talent from UCSC, higher per capita income compared to the state or the US, and a high quality of life. Weaknesses include above average employment volatility and unbalanced distribution of wealth and income. The top five employers include Dominican Hospital, UCSC, Source Naturals, Sesnon House, and Monterey Mushroom Inc.

San Jose-Sunnyvale-Santa Clara, CA MSA

According to the August 2025 Moody's report, San Jose-Sunnyvale-Santa Clara MSA's economy is declining with both lower earnings and housing prices. The lower payrolls are attributed to weakening in technology and manufacturing industries. The Job Openings and Labor Turnover Survey indicate increasing layoffs in professional/business services jobs; the growth of artificial intelligence has led to reevaluating staffing needs; and increased borrowing costs weigh on investments, small businesses, and startups. However, the Bay Area remains the leader in attracting venture capital. Computers and electronics account for 60.0 percent of factory employment and is at risk as tariffs create higher input costs. Stagnating population gains erode demand for consumer services and the labor supply. Sourcing raw materials has become increasingly difficult, and tariffs are raising costs for nearly all businesses. Some businesses absorbed higher costs to avoid losing customers while anticipating policy changes. Therefore, all businesses are uncertain about the overall economy and are hesitant to expand or borrow. Strengths include a legacy of successful entrepreneurship, highly skilled workers, and a high-value-added manufacturing base that supports wage growth. Weaknesses include high business and living costs and above-average volatility in the technology industry. The top five employers are Cisco Systems Inc., Alphabet Inc., eBay Inc., Lockheed Martin Corporation, and Intel Corporation.

Competition

The AA is moderately competitive for financial services. According to the June 30, 2025, FDIC Deposit Market Share Report, there are 38 banks operating 16,410 branches and share $7.7 billion in deposits within the AA. The top 5 banks control 86.5 percent of the AA's deposit market share with a combined $6.7 billion in deposits. The institution operates 5 full-service branches that maintain approximately $1.2 billion in deposits, ranking 5th with a 15.6 percent market share of the AA's deposits. The deposit market share rose compared to the prior examination where the institution ranked 14th with market share of 0.5 percent. The significant increase in market share is primarily attributed to the merger with 1CB.

Community Contacts

Examiners utilized two contacts to identify the AA's credit and CD needs. The first is an existing contact and develops/maintains affordable housing for LMI individuals in the AA. The contact

indicated that unemployment has decreased since the pandemic. However, rents increased contributing to shortages in affordable housing. The contact also indicated that tax-exempt bonds are the main credit needs, which are limited and competitive amongst affordable housing developers. As a result, there are labor shortages particularly in construction.

The second is a new contact which operates a workers' cooperative and assists micro-entrepreneurs. Additionally, the organization provides financial education to individuals that reside in both the Santa Cruz and Salinas AAs. According to the contact the area has a high undocumented population, particularly individuals employed in hospitality and tourism industries. The contact also indicated that, stricter immigration policies impede banking access to this population. Therefore, there are opportunities for institutions to provide access to banking, financial literacy, and lending to small businesses/micro-entrepreneurs.

Credit and Community Development Needs and Opportunities

Considering information obtained from community contacts, bank management, and demographic and economic data, examiners determined that small business loans represent the primary credit need. Furthermore, Affordable Housing, Community Services, and Economic Development represent the CD needs.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SANTA CRUZ AA

LENDING TEST

Lending levels within the bank's Santa Cruz AA reflect excellent responsiveness. The geographic distribution of loans reflects adequate penetration throughout the AA. The distribution of borrowers reflects poor penetration. The institution is a leader in making CD loans in the AA.

Lending Activity

The institution's lending levels reflect excellent responsiveness to the AA credit needs. During the evaluation period, the institution originated 679 small business loans totaling $219.6 million, and 102 CD loans totaling $155.4 million. According to aggregated small business market share data in 2022, the institution ranked 20th out of 124 lenders that reported 66,721 small business loans in the AA. The institution's market share reflected 0.3 percent by number and 4.6 percent by dollar volume. In 2023, the institution ranked 18th out of 119 lenders that reported 70,609 small business loans in the AA. The bank's market share reflected 0.3 percent by number and 4.5 percent by dollar volume. Examiners note that the bank's market share ranking rose between the two years. Overall, the bank's small business lending activity performance was consistent over the review period. The small business market share ranking was not compared with the prior evaluation since the bank was not subject to the CRA reporting requirements. In 2023, the top 5 institutions by number of small business loans represents 84.6 percent of total loans reported. All five of these institutions are large lenders with a national presence. The institution's small business lending activity outperformed a few large regional lenders that also operate in this AA. As previously indicated, the institution was ranked 1st in number of SBA

loans lent in the Silicon Valley Region. The bank's overall lending performance supports this conclusion.

Geographic Distribution

As illustrated in the following table, the geographic distribution of small business loans reflects adequate penetration throughout the AAs.

Geographic Distribution of Small Business Loans – Santa Cruz AA						
Tract Income Level	**% of Businesses**	**CRA Aggregate % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2023	4.7	4.9	19	7.4	5,984	7.8
Moderate						
2023	17.6	16.9	42	16.4	15,703	20.4
Middle						
2023	40.3	40.9	127	49.6	34,061	44.2
Upper						
2023	37.2	37.2	68	26.6	21,238	27.6
NA						
2023	0.1	0.1	0	0.0	0	0.0
Total						
	100.0	**100.0**	**256**	**100.0**	**76,986**	**100.0**
Source: 2023 D&B Data; Bank Data; 2023 CRA Aggregate Data. *Due to rounding, totals may not equal 100.0%.*						

The lending performance in low-income tracts exceeded both aggregate and demographic data. The lending performance in moderate-income CTs is comparable with both aggregate and demographic data.

Borrower Profile

As illustrated in the following table, the distribution of borrowers reflects poor penetration among business customers of different revenues sizes within the AA.

Distribution of Small Business Loans by Gross Annual Revenue Category – Santa Cruz AA						
Gross Revenue Level	**% of Businesses**	**CRA Aggregate % of #**	**#**	**%**	**$(000s)**	**%**
<= $1,000,000						
2023	90.9	58.9	91	35.6	22,593	29.4
> $1,000,000						
2023	3.4	--	163	63.7	53,744	69.8
Revenue Not Available						
2023	5.8	--	2	0.8	649	0.8
Total						
	100.0	**100.0**	**256**	**100.0**	**76,986**	**100.0**
Source: 2022, 2023, 2024 D&B Data; Bank Data; 2022, 2023 CRA Aggregate Data; "--" data not available. *Due to rounding, totals may not equal 100.0%.*						

Lending performance was significantly below the percentage of businesses. It is important to note that demographic data does not necessarily represent an accurate picture of demand, as many smaller business entities may not be seeking financing and may choose to use alternative forms of financing, such as credit cards, home equity lines of credit, or non-bank sources to fund their businesses. However, bank performance also falls notably below aggregate data. Examiners noted that the institution did present at several small business forums throughout the evaluation period to identify/pursue potential lending opportunities with small businesses. However, even considering the bank's additional efforts, the bank's performance reflect poor penetration of businesses of different revenue sizes.

Community Development Loans

The bank is a leader in making CD loans in the AA. The bank's CD lending in the AA decreased since the previous evaluation where the bank made 805 loans totaling $293 million. The decrease in CD lending is primarily attributed to the expiration of the SBA PPP lending. It is also worth noting that the previous evaluation was based on a longer review period of approximately 36 month vs. the current review period of approximately 27 months. The institution's CD lending outperformed several similarly-situated institutions. A significant majority of the CD loans by dollar volume targeted economic development needs, which is an identified credit need within the AA. In addition, a substantial volume of loans supported economic development needs by creating/retaining businesses and revitalization/stabilization initiatives which indirectly benefited and jobs, particularly in LMI geographies.

Community Development Lending – Santa Cruz AA										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
2022	0	0	1	350	1	250	4	3,479	**6**	**4,079**
2023	7	7,378	13	13,070	14	38,899	5	12,700	**39**	**72,047**
2024	13	10,225	21	13,895	17	37,776	6	17,390	**57**	**79,286**
Total	**20**	**17,603**	**35**	**27,315**	**32**	**76,925**	**15**	**33,569**	**102**	**155,412**
Source: Bank Data										

The following are notable examples of CD loans originated in the AA during the evaluation period.

- The institution originated 8 loans totaling approximately $1.4 million as part of the Federal Home Loan Bank's Workforce Initiative Subsidy for Homeownership program which assists first-time LMI homebuyers through loans that can be applied to downpayment and closing costs. These facilitated affordable housing for LMI individuals.

- The institution originated a $4.0 million SBA 504 loan to purchase two nursing care facilities, benefiting economic development by supporting a small business that creates and retains jobs for LMI individuals.

- The institution renewed a $10.0 million line of credit to a company that constructs underground water and sewer pipelines, with a majority for residential use. This loan revitalize/stabilizes LMI geographies.

INVESTMENT TEST

The institution has a significant level of qualified CD investments, donations, and grants in the Santa Cruz AA. The bank exhibits good responsiveness to credit and CD needs. The institution makes significant use of innovative and complex investments to support CD initiatives.

Investment and Grant Activity

The bank has a significant level of qualified CD investments, donations, and grants, and is occasionally in a leadership position, particularly those not routinely provided by private investors. During the evaluation period, the institution made 2 new investments totaling $6 million, retained 5 prior period investments totaling $2.1million, and made 147 grants and donations totaling $263,000. This performance reflected a significant increase in comparison to the previous evaluation where the institution made 2 investments totaling $550,000 and 151 grants and donations totaling $303,063.

Qualified Investments – Santa Cruz AA										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Prior Period	2	100	2	1,521	0	0	1	500	**5**	**2,121**
2022	0	0	0	0	0	0	0	0	**0**	**0**
2023	1	4,000	0	0	0	0	0	0	**1**	**4,000**
2024	1	2,000	0	0	0	0	0	0	**1**	**2,000**
Subtotal	**4**	**6,100**	**2**	**1,521**	**0**	**0**	**1**	**500**	**7**	**8,121**
Qualified Grants & Donations	5	4	135	241	3	5	4	12	**147**	**263**
Total	**9**	**6,104**	**137**	**1,762**	**3**	**5**	**5**	**512**	**154**	**8,384**
Source: Bank Data										

The following are notable examples of qualified investments and donations benefiting Santa Cruz AA:

- The bank invested $2.0 million into apartments in which nearly all the units are designated for LMI individuals under Section 8, benefiting affordable housing.

- The bank made a $5,000 donation to the Red Cross which aided communities and LMI individuals in a designated disaster area. This met an identified revitalize/stabilize need.

- In 2023 and 2024, the bank donated a total of $8,000 to an organization that serves adult and child survivors of domestic violence, sexual assault, and human trafficking. This donation supports community services.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and CD needs in the Santa Cruz AA. The investments met the needs of the AA and benefited affordable housing and community services initiatives. The majority of the institution's CD donations primarily supported community services for LMI individuals. The community contact indicated that affordable housing and community services were identified as CD needs.

Community Development Initiatives

The institution makes significant use of innovative or complex qualified investments to support CD initiatives. Refer to the overall rated area analysis for further detail.

SERVICE TEST

Delivery systems are reasonably accessible to essentially all portions of the Santa Cruz AA. Changes in branch locations have not adversely affected accessibility. Services, including business

hours, do not vary in a way that inconveniences certain portions. The institution provides an adequate level of CD services.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the AA. The institution operates six full-service branches in the Santa Cruz AA. Although there is only one branch that is located in a low-income tract (595 Auto Center Drive, Watsonville, CA) and none in moderate-income tracts; this branch is surrounded by nine moderate- and one low-income tracts in a three-mile radius. In addition, the main office which is located in a middle-income tract (75 River Street, Santa Cruz, CA)is also serving two moderate- and one low-income tracts that are located within a 2 mile radius from the main office.

Branch and ATM Distribution by Geography Income Level – Santa Cruz AA								
Tract Income Level	**Census Tracts**		**Population**		**Branches**		**ATMs**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Low	34	7.1	149,348	6.8	1	16.7	1	20.0
Moderate	101	21.1	458,817	20.8	0	0.0	0	0.0
Middle	194	40.6	913,197	41.4	4	66.7	3	60.0
Upper	147	30.8	683,113	31.0	1	16.7	1	20.0
NA	2	0.4	2,645	0.1	0	0.0	0	0.0
Total	**478**	**100.0**	**2,207,120**	**100.0**	**6**	**100.0**	**5**	**100.0**
Source: 2020 US Census Data; Bank Data								

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing branches has not adversely affected the accessibility of its delivery systems in the AA, particularly in LMI geographies and to LMI individuals. Due to the merger and consolidation of branches with 1CB, the institution closed one branch located in a middle-income tract at 3110 Mission Dr, Santa Cruz, CA 95065. As a result, the changes that occurred did not impact LMI geographies or accessibility of the delivery systems.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and individuals. Full-service branches offer an array of business and consumer deposits and lending products; refer to the Description of Institution for details.

Community Development Services

The institution provides an adequate level of CD services in the AA. Service hours decreased from the prior evaluation, where employees provided 6,342 hours in the AA. The performance trailed behind similarly-situated institutions that provided a relatively high level of CD services in this AA.

A majority of the bank's service hours consisted of community service activities targeted to LMI individuals and families. Refer to the following table.

Community Development Services – Santa Cruz AA					
Activity Year	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	#	#	#	#
2022	9	11	2	0	**22**
2023	115	882	333	24	**1,354**
2024	114	478	287	24	**903**
Total	**238**	**1,371**	**622**	**48**	**2,279**
Source: Bank Data					

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

- An employee contributed 198 hours in 2023 as board chair for a CD corporation that promotes expanding economic opportunities and jobs to LMI individuals, benefiting economic development. In 2024, the same employee volunteered 216 hours as a board member.

- An employee of the bank served 48 hours in 2023 and 2024 as a committee member for a city's multi-year general plan with goals ranging from economic development to improving transportation. This service supports LMI geographies through revitalization/stabilization.

- An employee of the bank volunteered for 32.3 hours in 2022 and 2023 as a board member to an organization that assists homeless women, children, and families to obtain stable housing. This supports affordable housing for LMI individuals.

SALINAS AA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SALINAS AA

The Salinas AA is comprised of the entirety of Monterey County. This county represents the entirety of the Salinas, CA MSA# 41500.

Economic and Demographic Data

According to the 2020 US Census, the Salinas AA contains a total of 104 CTs: 4 low-, 26 moderate-, 34 middle-, 36 upper-income, and 4 CTs with no income designation. The following table shows select demographic, housing, and business data for the AA.

Demographic Information of the Salinas AA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**N/A* % of #**
Geographies (Census Tracts)	104	3.9	25.0	32.7	34.6	3.9
Population by Geography	439,035	5.1	28.2	36.8	28.0	1.9
Housing Units by Geography	141,910	3.8	23.3	34.5	38.4	0.0
Owner-Occupied Units by Geography	66,346	1.7	18.7	34.2	45.4	0.0
Occupied Rental Units by Geography	61,657	6.4	30.4	37.5	25.7	0.0
Vacant Units by Geography	13,907	2.2	13.7	22.6	61.5	0.0
Businesses by Geography	32,695	2.5	20.0	31.4	45.7	0.3
Farms by Geography	1,081	2.9	20.7	44.6	31.6	0.2
Family Distribution by Income Level	92,948	21.8	17.5	20.5	40.2	0.0
Household Distribution by Income Level	128,003	22.7	17.2	19.1	41.0	0.0
Median Family Income MSA - 41500 Salinas, CA MSA		$83,052	Median Housing Value			$ 632,595
			Median Gross Rent			$1,647
			Families Below Poverty Level			8.8%

Source: 2020 Census And 2024 D&B Data (*) The NA category consists of geographies that have Not been assigned an income classification. Due to rounding, totals may not equal 100%.

The following table illustrates the unemployment rates for the AA, from 2022 through year-to-date 2025.

Unemployment Rates				
Area	**2022**	**2023**	**2024**	**YTD 2025**
	%	**%**	**%**	**%**
Monterey County	7.9	9.2	8.5	6.3
Source: Bureau of Labor Statistics				

The low-, moderate-, middle-, and upper-income levels for the AA are presented in the following table.

Estimated Median Family Income Ranges					
Year	**MFI**	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥ 120%**
Salinas, CA					
2024	$ 103,200	< $51,600	$51,600 to < $82,560	$82,560 to < $123,840	>= $123,840
Source: Federal Financial Interagency Examination Council					

In 2024 the business within the AA reported gross annual revenues as follows:

- 89.4 percent $1 million or less,
- 2.8 percent more than $1 million, and
- 7.8 percent did not report revenue information.

Professional, Scientific, and Technical Services represent the largest industry at 10.2 percent of businesses, followed by Other Services (except Public Administration) at 9.7 percent, Retail Trade at 8.7 percent, Construction at 8.1 percent, Administrative and Support at 7.5 percent, and Healthcare and Social Assistance at 7.3 percent. In addition, 73.4 percent of area businesses have 4 or fewer employees, and 91.7 percent operate from a single location.

Salinas MSA

According to the September 2025 Moody's report, Salinas MSA's economy stagnates. Healthcare and professional/business services led the job gains, while household employment fell faster than the labor force. Additionally, single-family house price appreciation decelerated due to elevated interest rates. The Salinas MSA is heavily reliant on agriculture, therefore, rising cost of production and persistent labor shortages strained farmers. Strawberries are the top crop in Salinas Valley, but harvesting strawberries is a labor-intensive process. The leisure/hospitality employment share is above the national average, though easing wage gains have limited consumers discretionary spending ability. Low affordability weakened the population trends, making it hard to attract and retain residents. Strengths in the area include large amounts of undeveloped land, an appealing housing market, favorable age structure, and an above-average educational attainment. Weaknesses include dependence on agriculture and tourism, few high-paying jobs in knowledge-based industries, and subpar population trends. The top three employers are Azcona Harvesting, Carol Hatton Breast Care Center, and Pebble Beach Resorts.

Competition

The AA is moderately competitive for financial services. According to the June 30, 2025 FDIC Deposit Market Share Report, there are 66 banks operating 16,609 branches and share $11.7 billion in deposits within the AA. The top 5 institutions control 81.3 percent of the AA's deposit market share with a combined $9.5 billion in deposits. The institution operates 3 full-service branches and maintains approximately $812.3 million in deposits, ranking 6th with a 6.9 percent market share of

the AA's deposits. The deposit market share rose compared to the prior examination where the institution ranked 13th with a deposit market share of 0.7 percent The significant increase and market share performance is primarily attributed to the merger with 1CB.

Community Contacts

Examiners utilized an existing contact to help identify the AA's credit and CD needs. The first contact provides free one-on-one counseling to small businesses throughout Monterey County. This contact indicated that the economy is vastly different between the inland and coastal areas. The inland areas are dominated by agriculture, while the coastal areas focused on tourism and hospitality. The inland areas are known as the "salad bowl of the world," thus agricultural lending needs are high, whereas the coastal areas focus more on commercial and multi-family lending. The contact also expressed that the inland area could benefit from lending to rural communities such as credit lines for agriculture production. However, the contact acknowledged that not all banks specialize in agricultural underwriting. In the higher-income coastal areas, real estate values remain high. Lastly, the contact noted there is a lack of small business revolving credit or microloan programs. Labor forces along the coastal and inland areas are adversely impacted by tighter immigration policies.

Examiners also leveraged the second contact from the Santa Cruz AA. As previously indicated, the contact also covers the Salinas AA. The second shared similar sentiments regarding the impact of tighter immigration policy. The contact also noted that the immigrant population experiences difficulties in accessing banking products and services. The contact indicated that opportunities for community development activities includes financial education, especially for immigrant small businesses/micro-entrepreneurs.

Credit and Community Development Needs and Opportunities

Considering information obtained from community contacts, bank management, and demographic and economic data, examiners determined that small business loans represent the primary credit need. Furthermore, Affordable Housing, Community Services, Economic Development, and Revitalization/Stabilization, particularly in the inland/rural areas represent CD needs.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SALINAS AA

LENDING TEST

Lending levels within the bank's Salinas AA reflect good responsiveness. The geographic distribution of loans reflects excellent penetration throughout the AA. The distribution of borrowers reflects poor penetration. The bank is a leader in making CD loans in the AA.

Lending Activity

The institution's lending levels reflect good responsiveness to the AA credit needs. During the evaluation period, the institution originated 123 small business loans totaling $43.8 million, and 25 CD

loans totaling $53.4 million. Moreover, the CD lending by dollar volume increased compared to the prior evaluation. According to aggregated small business market share data in 2022, the institution ranked 19th out of 67 lenders that reported 8,705 small business loans in the AA. The institution's market share reflected 0.3 percent by number and 6.7 percent by dollar. In 2023, the institution ranked 16th out of 64 lenders that reported 7,739 small business loans in the AA. The institution's market share reflected a 0.5 percent by number and 6.5 percent by dollar volume. The institution's market share ranking rose between the two years. Furthermore, the institution's small business lending activity performance was consistent over the review period. As previously indicated, the small business market share ranking was not compared with the prior evaluation since the bank was not subject to the CRA reporting requirements. In 2023, the top 5 institutions by number of small business loans represents 74.9 percent of total loans reported. All five of these institutions are large lenders with a national presence. The institution's small business lending activity outperformed several large lenders that also operate in this AA. Therefore, the institution's overall lending performance supports this conclusion.

Geographic Distribution

As illustrated in the following table, the geographic distribution of small business loans reflects excellent penetration throughout the AAs.

Geographic Distribution of Small Business Loans – Salinas AA						
Tract Income Level	**% of Businesses**	**CRA Aggregate % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2023	2.4	2.2	1	2.3	898	6.7
Moderate						
2023	19.2	19.1	19	44.2	3,305	24.5
Middle						
2023	32.1	34.9	14	32.6	6,673	49.4
Upper						
2023	45.9	43.5	9	20.9	2,628	19.5
NA						
2023	0.4	0.3	0	0.0	0	0.0
Total						
2023	**100.0**	**100.0**	**43**	**100.0**	**13,504**	**100.0**
Source: 2023 D&B Data; Bank Data; 2023 CRA Aggregate Data; "--" data not available. *Due to rounding, totals may not equal 100.0%.*						

The lending performance in low-income tracts is comparable with both aggregate and demographic data. The lending performance in moderate-income CTs significantly exceeded both aggregate and demographic data.

Borrower Profile

As illustrated in the following table, the distribution of borrowers reflects poor penetration among business customers of different revenues sizes within the AA.

Distribution of Small Business Loans by Gross Annual Revenue Category – Salinas AA						
Gross Revenue Level	**% of Businesses**	**CRA Aggregate % of #**	**#**	**%**	**$(000s)**	**%**
<= $1,000,000						
2023	89.3	54.1.	10	23.3	3,310	24.5
> $1,000,000						
2023	3.3	--	24	55.8	9,646	71.4
Revenue Not Available						
2023	7.5	--	9	20.9	548	4.1
Total						
2023	**100.0**	**100.0**	**43**	**100.0**	**13,504**	**100.0**
Source: 2023 D&B Data; Bank Data; 2023 CRA Aggregate Data; "--" data not available. *Due to rounding, totals may not equal 100.0%.*						

Lending performance was significantly below both the percentage of businesses and aggregate data. As previously indicated, many smaller business entities may not be seeking financing and may choose to use alternative forms of financing, such as credit cards, home equity lines of credit, or non-bank sources to fund their businesses. The bank also participated in several small business forums throughout the evaluation period in efforts to identify/solicit lending opportunities to small businesses. However, even considering these additional factors, the bank's performance still reflects poor penetration among business customers of different revenue sizes.

Community Development Loans

The institution is a leader in making CD loans in the AA. The institution's CD lending in the AA increased since the previous evaluation where the bank made 76 loans totaling approximately $47.2 million. As previously mentioned, it is worth noting that the previous evaluation was based on a longer performance review period and also included some SBA PPP lending, which is no longer available. The institution's current CD lending also outperformed two similarly-situated institutions that are significantly larger in asset size. Furthermore, the institution's qualified CD loans to average assets and average total loans more than doubled the ratios of the two similarly-situated institution. A significant majority of the CD loans by number and dollar volume targeted economic development needs, which is an identified credit need within the AA. In addition, the institution's loans supported affordable housing and revitalization/stabilization initiatives which indirectly benefited LMI by retaining businesses and jobs, particularly in LMI geographies.

Community Development Lending – Salinas AA										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
2022	0	0	0	0	0	0	0	0	**0**	**0**
2023	1	8,820	0	0	4	5,598	5	11,637	**10**	**26,055**
2024	2	4,802	2	760	8	16,525	3	5,300	**15**	**27,387**
Total	**3**	**13,622**	**2**	**760**	**12**	**22,123**	**8**	**16,937**	**25**	**53,442**
Source: Bank Data										

The following are notable examples of CD loans originated in the AA during the evaluation period.

- The institution originated a $8.8 million loan to construct 4 three-story multi-use buildings with 63.0 percent of the units on the upper floors are below the HUD's Fair Market Rent, contributing to affordable housing for LMI individuals.

- The institution originated a $4.0 million SBA504 loan to purchase a lodging property, which supports economic development by funding a small business that will create and retain jobs for LMI individuals.

- The institution originated a $2.7 million for tenant improvements to a shopping center in a moderate-income tract, supporting the revitalization/stabilization of an LMI geography.

INVESTMENT TEST

The institution has a significant level of qualified CD investments, donations, and grants in the Salinas AA. The institution exhibits good responsiveness to credit and CD needs. The institution makes significant use of innovative and complex investments to support CD initiatives.

Investment and Grant Activity

The institution has a significant level of qualified CD investments, donations, and grants, and is occasionally in a leadership position, particularly those not routinely provided by private investors. During the evaluation period, the institution made a new investment totaling approximately $1.7 million, retained 7 prior period investments totaling approximately $6.7 million, and made 61 grants and donations totaling $76,000. This performance reflected a significant increase in comparison to the previous evaluation where the institution made 82 grants and donations totaling $82,000.

Qualified Investments – Salinas AA										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Prior Period	0	0	7	6,740	0	0	0	0	**7**	**6,740**
2022	0	0	0	0	0	0	0	0	**0**	**0**
2023	0	0	1	1,665	0	0	0	0	**1**	**1,665**
2024	0	0	0	0	0	0	0	0	**0**	**0**
Subtotal	**0**	**0**	**8**	**8,405**	**0**	**0**	**0**	**0**	**8**	**8,405**
Qualified Grants & Donations	2	3	51	59	8	15	0	0	**61**	**76**
Total	**2**	**3**	**59**	**8,464**	**8**	**15**	**0**	**0**	**69**	**8,481**
Source: Bank Data										

The following are notable examples of qualified investments and donations benefiting Salinas AA:

- The institution made a $615,000 bond to a school district with a majority of LMI students to help finance repairs and upgrades to the district's facilities, assisting in revitalizing/stabilizing an LMI geography.

- The institution made a total of $8,000 in donations to a local nonprofit that recruits, trains, and supports community volunteers to serve as court appointed advocates for abused and LMI children, supporting community services.

- The institution donated $1,000 to an organization that teaches LMI students technical skills and provides hands-on experience in technology, which can later benefit their careers.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and CD needs in the Salinas AA. The majority of the bank's qualified investments and donations primarily supported community services for LMI individuals. The community contact indicated that community services were identified as CD needs.

Community Development Initiatives

The institution makes significant use of innovative or complex qualified investments to support CD initiatives. Refer to the overall rated area analysis for further detail.

SERVICE TEST

Delivery systems are reasonably accessible to essentially all portions of the Salinas AA. Changes in branch locations have not adversely affected accessibility. Services, including business hours, do not vary in a way that inconveniences certain portions. The institution provided a relatively high level of CD services.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the AA. The institution operates three full-service branches in the AA; refer to the following table. The institution operates one branch in a low-income tract. Although there are no branches located in moderate-income CTs, the Monterey Downtown branch and the Salinas Downtown branch are located in upper-income tracts and within three-mile radius of moderate-income CTs. Specifically, there is one moderate-income tract in close proximity to the Monterey branch, and the Salinas branch is surrounded by 1 low- and 10 moderate-income CTs.

Branch and ATM Distribution by Geography Income Level – Salinas AA								
Tract Income Level	**Census Tracts**		**Population**		**Branches**		**ATMs**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Low	4	3.8	22,251	5.1	1	33.3	1	33.3
Moderate	26	25.0	123,873	28.2	0	0.0	0	0.0
Middle	34	32.7	161,501	36.8	0	0.0	0	0.0
Upper	36	34.6	122,898	28.0	2	66.7	2	66.7
NA	4	3.8	8,512	1.9	0	0.0	0	0.0
Total	**104**	**100.0**	**439,035**	**100.0**	**3**	**100.0**	**3**	**100.0**
Source: 2020 US Census Data; Bank Data								

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems in the AA, particularly in LMI geographies and to LMI individuals. Due to the merger and consolidation of branches with 1CB, the bank closed three branches (one in a middle-income CT, one in a moderate-income CT, and one in an upper income CT) and opened one branch in an upper-income CT. Although the institution closed a branch that was located in a moderate-income CT, another branch was opened in a nearby upper-income CT. The distance between the closed branch and the new branch is only 0.6 miles. As a result, the changes that occurred did not impact LMI geographies or accessibility of the delivery systems.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences portions of the AA, particularly LMI geographies and individuals. Full-service branches offer an array of business and consumer deposits and lending products; refer to the Description of Institution for details.

Community Development Services

The institution provides a relatively high level of CD services in the Salinas AA. Service hours increased from the prior evaluation, where employees provided 230.5 hours in the AA. The performance is comparable with similarly-situated institutions with a similar rating that operate in

this AA. The majority of service hours consisted of community service activities targeted to LMI individuals and families. Refer to the following table.

Community Development Services – Salinas AA					
Activity Year	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	#	#	#	#
2022	0	0	0	0	**0**
2023	44	120	23	0	**187**
2024	80	123	13	0	**216**
Total	**124**	**243**	**36**	**0**	**403**
Source: Bank Data					

The following are notable examples of CD services that benefited the Salinas AA:

- A employee served 18.5 hours throughout the review period on a workforce development board which assists youths and adults to acquire employment through targeted education and support services. Employing LMI individuals and providing technical support benefits economic development.

- A bank employee contributed three hours to speak about banking at a high school career fair. This activity benefits community services as the high school serves majority LMI individuals.

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

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

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

Investment Test

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

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

Service Test

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

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

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

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

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

SCOPE OF EVALUATION

West Coast Community Bank	
Scope of Examination: Full scope reviews were performed on the following assessment areas within the noted rated areas: State of California: Santa Cruz AA Salinas AA	
Time Period Reviewed:	02/22/22 to 07/01/25
Products Reviewed: Small Business Loans: (01/01/22 – 12/31/24) Community Development Loans, Investments, Services: (10/13/22 to 12/31/2024)	

List of Assessment Areas and Type of Evaluation			
Rated Area/ Assessment Area	**Type of Evaluation**	**Branches Visited**	**Other Information**
California: Santa Cruz AA Salinas AA	 Full-scope Full-scope	 One None	 None None

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.