PUBLIC DISCLOSURE

May 6, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Tri Counties Bank
Certificate Number: 21943

63 Constitution Drive
Chico, California 95973

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

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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 **Outstanding.**

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

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

The Lending Test is rated High Satisfactory.

- Lending levels reflect good responsiveness to AA credit needs.
- A substantial majority of loans are made in the bank's AAs.
- The geographic distribution of loans reflects adequate penetration throughout the AAs.
- The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different size.
- The institution exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its AAs, low-income individuals, and very small businesses, consistent with safe and sound banking practices.
- The institution is a leader in making community development (CD) loans.

- The institution uses innovative and/or flexible lending practices in order to serve AA credit needs.

The Investment Test is rated Outstanding.

- The institution has an excellent level of qualified CD investments and grants, often 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 Outstanding.

- Delivery systems are accessible to essentially all portions of the institution's AAs.

- To the extent changes have been made, the institution's record of 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 is a leader in providing CD services.

DESCRIPTION OF INSTITUTION

Tri Counties Bank (TCBK) is a community bank headquartered in Chico, California (CA). The institution wholly owned by one-bank holding company, Trico Bancshares, which is also located in Chico, CA. The institution does not have any banking-related affiliates or subsidiary relationships relevant to this CRA Evaluation Performance Evaluation (PE). Based on Interagency Large Institution Examination Procedures, TCBK received a "Satisfactory" rating at its previous FDIC CRA PE dated January 19, 2021. Since the previous evaluation, TCBK merged and acquired Valley Republic Bank in March 2022. Through this merger, the bank acquired four additional branches three in Bakersfield and one in Delano. However, TCBK closed one branch in Bakersfield, CA as a result of duplicate branches in the same area due to the merger. TCBK opened 10 and closed 14 branches over the course of the evaluation period. The percentage of branches located in low-income CTs is below the low-income CT percentages; however, the percentage of branches located in moderate-income tracts is above the percentage of moderate-income tracts. Refer to each of the individual AAs for full details.

The institution operates 69 full-service branches in 9 AAs. Additionally, these 9 AAs are comprised of 29 counties throughout the northern and central regions of CA. Moreover, the institution operates seven loan production offices (LPOs).

TCBK primary focuses on traditional banking products that includes commercial loans, commercial real estate, commercial line of credits, agricultural, farm production loans, and business credit cards. The institution offers a variety of 1-to-4 family mortgages and consumer loan products to finance personal, family, and household needs. The institution also offers a variety of deposit products and services such as checking accounts, BankOn accounts, savings accounts, money market accounts, and certificates of deposit. Alternative banking services include internet banking, mobile banking, electronic bill pay, telephone banking, remote deposit capture, and a network of Automated Teller Machines (ATMs).

As of March 31, 2024 Consolidated Report of Condition and Income (Call Report), the institution's assets totaled $9.8 billion, loans totaled $6.8 billion, deposits totaled $8 billion, and securities totaled $2.2 billion. The total loans represent 69.3 percent of the bank's total assets. The institution's lending activity of commercial loans secured by non-residential real estate and working capital represent 54.8 percent of total loans, followed by 1-to-4 family residential and multi-family residential lending comprise 32.5 percent of total loans. Other lending activity includes construction loans at 5.1 percent, farm and agricultural loans at 6 percent, consumer loans (secured and unsecured) at 1.1 percent, and lease financing receivables at 0.1 percent. The institution sells a portion of mortgage loans to the secondary market, also reflected in the Call Report. The following table details the bank's originations by loan type over the most recent calendar year as of March 31, 2024.

Loan Portfolio Distribution as of 3/31/2024		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	348,981	5.1
Secured by Farmland	265,942	3.9
Secured by 1-4 Family Residential Properties	1,230,089	18.1
Secured by Multifamily (5 or more) Residential Properties	982,290	14.4
Secured by Nonfarm Nonresidential Properties	3,195,536	47.0
Total Real Estate Loans	**6,022,838**	**88.5**
Commercial and Industrial Loans	529,700	7.8
Agricultural Production and Other Loans to Farmers	145,159	2.1
Consumer Loans	73,842	1.1
Obligations of State and Political Subdivisions in the U.S.	20,080	0.3
Other Loans	1,172	0.0
Lease Financing Receivable (net of unearned income)	9,250	0.1
Less: Unearned Income	0	0.0
Total Loans	**6,802,041**	**100.0**
Source: 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 the financial institution to delineate the AAs in which its CRA performance will be evaluated. As previously indicated, the institution designated 9 AAs consisting of 28 counties throughout the state of CA. In November 2021, the bank closed a branch in Santa Clara County. Therefore, Santa Clara County was removed from the bank's delineated AA as of January 1, 2023. This is the only change to the AA delineation since the prior evaluation. The following table details the breakdown of loans, deposits, and branches by rated area as of March 31, 2024.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	**Loans**		**Deposits**		**Branch**	
	$(000)	**%**	**$(000)**	**%**	**#**	**%**
Sacramento AA	629,780	24.1	1,340,889	16.6	12	17.4
Bay Area AA	517,065	19.8	1,148,513	14.2	13	18.8
Butte AA	332,996	12.8	1,373,978	17.0	7	10.1
Rural Northern CA and North Coast AA	268,654	10.3	1,334,564	16.5	15	21.7
Shasta-Tehama AA	231,603	8.9	1,184,196	14.6	11	15.9
Kern AA	222,134	8.5	1,152,152	14.2	4	5.8
Stanislaus-Merced AA	131,274	5.0	308,162	3.8	4	5.8
Fresno-Madera AA	197,185	7.6	210,602	2.6	2	2.9
Tulare AA	78,801	3.0	47,827	0.6	1	1.4
Total	**2,609,492**	**100.0**	**8,100,883**	**100.0**	**69**	**100.0**

The following table lists the AAs, counties, number of census tracts (CT), and branches in the order presented in this evaluation.

Description of Assessment Areas			
Assessment Area	**Counties in Assessment Areas**	**# of CTs**	**# of Branches**
Sacramento AA	Nevada, Placer, Sacramento, Sutter, Yolo, Yuba	574	12
Bay Area AA	Contra Costa, San Francisco, San Mateo, Santa Clara, Sonoma	782	13
Butte AA	Butte	54	7
Rural Northern CA and North Coast AA	Colusa, Del Norte, Glenn, Humboldt, Lake, Mendocino, Siskiyou, Trinity	124	15
Shasta-Tehama AA	Shasta, Tehama	64	11
Kern AA	Kern	236	4
Stanislaus-Merced AA	Stanislaus, Merced	175	4
Fresno-Madera AA	Fresno, Madera	259	2
Tulare AA	Tulare	103	1
Source: Bank Records			

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. There are additional changes due to the merger, branch openings, and branch closures. Refer to the individual AAs for details.

Designated Disasters

During the review period, the Federal Emergency Management Agency declared designated disaster areas in nearly all of the institution's AAs. Therefore, revitalize and stabilization initiatives are a CD need throughout all the AAs.

- Hoopa Valley Tribe Severe Winter Storm (DR-4773)
- CA Severe Winter Storms, Tornadoes, Flooding, Landslides, and Mudslides (DR-4769-CA)
- CA Hurricane Hilary (DR-4750-CA)
- Hoopa Valley Tribe Severe Winter Storms and Mudslides (DR-4707)
- CA Severe Winter Storms, Straight-line Winds, Flooding, Landslides, and Mudslides (DR-4699-CA)
- CA Severe Winter Storms, Flooding, Landslides, and Mudslides (EM-3592-CA)
- Bear River Band of the Rohnerville Rancheria Earthquake (DR-4692)
- CA Severe Winter Storms, Flooding, Landslides, and Mudslides (DR-4683-CA)
- CA Severe Winter Storms, Flooding, and Mudslides (EM-3591-CA)
- CA Caldor Fire (DR-4619-CA)
- CA Caldor Fire (EM-3571-CA)
- CA Wildfires (DR-4610-CA)

SCOPE OF EVALUATION

General Information

Examiners used Interagency Large Institution Examination Procedures to evaluate the institution's CRA performance. This evaluation covers the period from the prior evaluation, dated January 19, 2021, to the current evaluation date of May 6, 2024.

Based on the lending activity, deposit concentrations, and distribution of branches, the bank's performance in the Sacramento AA contributed the greatest weight to the overall conclusions followed by the Bay Area, Butte, Rural Northern CA and North Coast, Shasta-Tehama, and Kern AA. Due to limited activity based on the same factors, the Stanislaus-Merced, Fresno-Madera, and Tulare AAs contributed minimal weight to the overall conclusions; therefore, these AAs received limited-scope reviews. While the Stanislaus-Merced AA received a full-scope review at the previous examination, the distribution of branch, lending, and deposit activities are low and warranted a limited scope review.

Description of Assessment Areas and Review Procedures		
Rated Area	**Assessment Area**	**Evaluation Procedures**
CA	Sacramento AA	Full-Scope
	Bay Area AA	Full-Scope
	Butte AA	Full-Scope
	Rural Northern CA and North Coast AA	Full-Scope
	Shasta-Tehama AA	Full-Scope
	Kern AA	Full-Scope
	Stanislaus-Merced AA	Limited-Scope
	Fresno-Madera AA	Limited-Scope
	Tulare AA	Limited-Scope

Activities Reviewed

Considering the institution's business strategy, loan portfolio composition, and lending activity; examiners determined that the primary product lines are small business, home mortgage, and small farm loans. The institution did not request the inclusion of consumer loans as part of this evaluation; therefore, consumer loans are excluded from the analysis. For the Lending Test, examiners analyzed the universe of small business, home mortgage, and small farm loans originated and purchased between January 1, 2021 and December 31, 2023, as reported pursuant to the Home Mortgage Disclosure Act (HMDA) and CRA Regulations.

The bank reported 2,528 small business loans totaling $421.7 million in 2021, 1,273 loans totaling $320.7 million in 2022, and 1,227 loans totaling $261.8 million in 2023.

For small farm loans, TCBK reported 225 loans totaling $28.5 million in 2021, 141 loans totaling $22.9 million in 2022, and 120 loans totaling $22 million in 2023.

The bank made 2,529 home mortgage loans totaling $1 billion in 2021, 2,048 loans totaling $751.5 million in 2022, and 1,076 loans totaling $364.9 million in 2023. The home mortgage loans included home equity lines of credit and multifamily loans reported during the review period.

Examiners noted lending anomalies throughout the review period. For instance, lending volume in 2021 was significantly higher compared to 2022 due to the record low interest-rate environment. Similarly, TCBK's small business lending activity and volume in 2021 are significantly higher than 2022 due to the bank's participation in the Small Business Administration (SBA) Paycheck Protection Program (PPP). Lastly, the steep rise of interest rates in 2023 caused a significant decline in home mortgages. Therefore, examiners presented all three years of data within the Assessment Area Concentration, Geographic Distribution, and Borrower Profile criteria.

In 2021, demographic comparisons for home mortgage lending are based on 2015 ACS data, while demographic comparisons in 2022 and 2023 are based on the 2020 U.S. Census 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. Additionally, the evaluation presented the number and dollar volume of loans, while examiners emphasized performance by number of loans, as this metric better represents the number of individuals and businesses served. Considering that the bank is predominately a commercial lender, small business loans carried the greatest weight followed by home mortgage, with small farm loans carrying the least weight. The weighting of products is consistent across all AAs. Small farm lending was not considered a major product line for the Bay Area, Shasta-Tehama, Kern, Stanislaus-Merced, and the Tulare AAs. Therefore, small farm loans are not presented in the lending test tables specific to these areas.

The previous evaluation considered CD activities through January 19, 2021. This evaluation includes all qualified CD loans, investments, donations, and services from January 20, 2021 to May 6, 2024. Examiners evaluated TCBK's CD activities quantitatively based on the financial capacity and the impact of those activities on the institution's 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, and retail banking products targeted to LMI individuals and/or services targeted to AA needs considered in forming applicable Service Test conclusions. Refer to Service Test for specific detail.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The institution's Lending Test performance is rated "High Satisfactory." The rating is primarily supported by good lending levels, a substantial majority of loans made within the AA, the bank uses innovative and/or flexible lending practices, and the institution is a leader in making CD loans. The institution exhibits a good record of serving the credit needs of the most economically disadvantaged

areas of its AAs, low-income individuals, and very small businesses. Geographic Distribution and Borrower Profile show adequate performance. CD lending received the greatest weight in determining the overall rating for the Lending Test across all AAs. The bank-wide lending performance conclusion is based on consistent performance in most AAs. The Shasta-Tehama AA exceeds the bank-wide performance while Sacramento and Kern AAs performed below the bank-wide AA. Refer to each AA section for detailed information and analysis.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs. Refer to the Assessment Area table for the number and dollar of originations by year and product. Refer to individual AAs for respective market share and market ranks for the products analyzed.

Lending by number reflected a downward trend that spanned across the evaluation period. In 2021, the coronavirus disease of 2019 (COVID-19) pandemic and the availability of SBA PPP loans significantly affected the institution's ability to make small business loans. Moreover, the SBA PPP lending reflected positively on the small business lending performance and further indicated that the institution was responsive to the increased loan demand. Despite a turbulent rising interest rate environment, the lending performance between 2022 and 2023 remained relatively stable. Nevertheless, the institution continued to maintain a good level of small business lending year-over-year.

Small farm lending performance is consistent with small business loans. The downward trend is attributable to the expiration of the SBA PPP as well as the rising interest rate environment. Small business lending and small farm lending by number and dollar reflected a decreasing trend. While a breakdown between products is not available, SBA PPP loans that are included in the lending test for 2021 amounted to 1,799 loans totaling $181.4 million. This represents 71.1 percent and 43.0 percent of combined small business and small farm lending by number and dollar, respectively.

Home mortgage lending by number, also reflected a downward trend over the review period. Lending volumes were significantly higher in 2021 due to a low-interest rate environment. At the beginning of the COVID-19 pandemic, the Federal Reserve set the effective federal funds rate at near zero and started to increase rates in March 2022. In 2023, the volume of home mortgage loans reflected a drastic decline.

Given the challenging interest rate environment, the institution's reflected a good lending level.

Assessment Area Concentration

A substantial majority of loans are made in the institution's AAs. This conclusion is based on a substantial majority of small business, home mortgage, and small farm loans originated within the AAs by both number and dollar volume over the review period.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%	#	$ (000)	%	$ (000)	%	$ (000)
Small Business										
2021	2,375	93.9	153	6.1	2,528	376,146	89.2	45,538	10.8	421,684
2022	1,179	92.6	94	7.4	1,273	279,344	87.1	41,332	12.9	320,676
2023	1,131	92.2	96	7.8	1,227	227,577	86.9	34,253	13.1	261,830
Subtotal	**4,685**	**93.2**	**343**	**6.8**	**5,028**	**883,067**	**87.9**	**121,123**	**13.1**	**1,004,190**
Small Farm										
2021	206	91.6	19	8.4	225	25,616	89.7	2,929	10.3	28,545
2022	133	94.3	8	5.7	141	21,235	92.4	1,748	7.6	22,983
2023	112	93.3	8	6.7	120	19,739	89.8	2,254	10.2	21,993
Subtotal	**451**	**92.8**	**35**	**7.2**	**486**	**66,590**	**90.6**	**6,931**	**9.4**	**73,521**
Home Mortgage										
2021	2,317	91.6	212	8.4	2,529	853,155	83.2	172,280	16.8	1,025,435
2022	1,857	90.7	191	9.3	2,048	564,005	75.1	187,505	25.0	751,510
2023	945	87.8	131	12.2	1,076	242,675	66.5	122,255	33.5	364,930
Subtotal	**5,119**	**90.5**	**534**	**9.5**	**5,653**	**1,659,835**	**77.5**	**482,040**	**22.5**	**2,141,875**
Total	**10,255**	**91.8**	**912**	**8.2**	**11,167**	**2,609,492**	**81.1**	**610,094**	**18.9**	**3,219,586**

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

Geographic Distribution

The institution's geographic distribution of loans reflects adequate penetration throughout its AAs. This conclusion is primarily supported by consistent performance in most AAs with the exception of performance in the Bay Area and Shasta-Tehama AAs, which reflect good penetration. Refer to each AA section for detailed information and analysis.

Borrower Profile

The institution's distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different sizes. Performance is not consistent across the different AAs. This conclusion is primarily supported by adequate penetration in the Bay Area AA and good penetration in the Rural Northern CA and North Coast, Butte, Shasta-Tehama AAs. The Sacramento AA and Karen AA reflect poor penetration. In the limited-scope AAs, performance is consistent in Stanislaus-Merced and Fresno AAs whereas performance in Tulare AA exceeds overall. Refer to each AA section for detailed information and analysis.

Innovative or Flexible Lending Practices

The institution uses innovative and/or flexible lending practices in order to serve AA credit needs. The institution participated in 6,277 innovative and/or flexible loans offered institution wide totaling $671.6 million. This represents a substantial increase by number and dollar volume from the previous evaluation where the institution participated in 442 loans totaling $38 million. The increase is primarily attributable to a significant volume of SBA PPP loans, Small Business Credit Cards, and the Fixed Rate Advance products. This rating is consistent across all AA since the products are offered institution wide. The following table shows the lending programs offered directly and indirectly during the review period.

Innovative or Flexible Lending Programs Bank-Wide AA										
Type of Program	**2021**		**2022**		**2023**		**2024**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Small Business										
Small Business Credit Cards	115	5,159	504	8,203	742	123,999	206	5,676	**1,567**	**143,037**
SBA PPP Loans	1,799	181,483	0	0	0	0	0	0	**1,799**	**181,483**
SBA 7	1	573	2	456	3	1,936	0	0	**6**	**2,965**
SBA 504	33	27,460	80	67,647	42	23,878	11	10,743	**166**	**129,728**
USDA	0	0	1	300	0	0	0	0	**1**	**300**
CA Small Business Loan Guarantee Program (CSBLG)	3	153	5	2,461	3	1,350	0	0	**11**	**3,964**
Evergreen Loans	33	2,285	53	3,495	16	1,215	6	650	**108**	**7,645**
Subtotal	**1,984**	**217,113**	**645**	**82,562**	**806**	**152,378**	**223**	**17,069**	**3,658**	**469,122**
Home Mortgage										
Fresh Start Loans	77	93	66	66	58	58	7	4	**208**	**221**
Fixed Rate Advance	1,068	90,109	1,072	86,375	55	2,379	0	0	**2,195**	**178,863**
Homeownership Access Program – Special Purpose Credit Program	0	0	0	0	20	99	5	27	**25**	**126**
FannieMae (FNMA)/ Community Housing Improvement Program (CHIP) Low Income Housing Program	0	0	0	0	6	355	0	0	**6**	**355**
California Housing Finance Agency (CalHFA)	15	1,244	15	1,370	25	2,662	20	3,269	**75**	**8,545**
FNMA HomeReady	3	460	6	902	28	4,311	9	1,346	**46**	**7,019**
Freddie Mac (FHLMC)Home Possible	0	0	0	0	1	328	0	0	**1**	**328**
United States Department of Agriculture (USDA) Mortgage Loan	5	1,301	0	0	0	0	0	0	**5**	**1,301**
Affordable Housing Program (AHP)	0	0	4	3,187	1	720	0	0	**5**	**3,907**
Workforce Initiative Subsidy Homeownership (WISH)	3	66	5	110	18	461	7	203	**33**	**840**
Middle-Income Downpayment Assistance	0	0	0	0	20	1,000	0	0	**20**	**1,000**
Subtotal	**1,171**	**93,273**	**1,168**	**92,010**	**232**	**12,373**	**48**	**4,849**	**2,619**	**202,505**
Totals	**3,155**	**310,386**	**1,8132**	**174,572**	**1,038**	**164,751**	**271**	**21,918**	**6,277**	**671,627**
Source: Bank Records										

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

Small Business

- Small Business Credit Card Program – Offers access to small dollar lines of credit and express underwriting through the Small Business Credit Card Program; some of the cards have no annual fees. The Small Business credit cards are an alternative to high loan fees and strict loan documentation requirements. These credit limits range from $2,000 to $100,000 dollars.

- SBA PPP – In 2021, the institution continued to respond to the on-going COVID-19 crisis by offering loans through the SBA PPP.

- SBA Loans – Offers a variety of guaranteed loan programs by targeting business growth and stabilization of economies throughout the nation. These programs permit financial institutions to focus on the communities they serve, while providing safe and sound credit products from small- to medium-sized businesses. The institution actively grants SBA 7a, 504, Veterans Advantage, Express and Export Express, and Export Working Capital, and International Trade financing opportunities to support the community business credit needs.

- CSBLG Program – This program is designed to provide financing "for profit" businesses, including agricultural enterprises, with higher advance rates than conventional loan options. The program supports economic growth for all areas throughout CA.

- Evergreen Loans – The product is flexible for small businesses by providing relief for small businesses annually renewing lines of credit for $250,000 or less. These loans are designed to be 'paid as agreed.' Additionally, if the business' financial position shows no adverse changes, credit lines are automatically renewed with limited underwriting procedures.

Home Mortgage

- FreshStart – This consumer loan program provides short-term financing with no interest or origination fees. Loan terms are designed to allow consumers a 10-month repayment period, an opportunity to repay overdrawn deposit accounts, and retain a positive credit history. The average loan amount can range from $500 to $1,000 dollars.

- Fixed Rate Advance – This loan provides flexibility and lower rates to home equity lines of credit customers by allowing a lower, fixed rate term for large purchases. This loan program allows customers to pay down balances quickly while saving money.

- Homeownership Access Program – This special purpose credit program covers 3.0 percent of the loan closing costs or up to $7,500 for home purchases and/or refinances in historically disadvantaged neighborhoods. The property must be located in a majority Black and/or Hispanic CT within the bank's AA. Additionally, the property must be owner occupied by the borrower and the income must be at or below 150.0 percent of the area's median income.

- FNMA/CHIP – The bank took a leadership position and provided an affordable housing financing solution with FNMA to address a catastrophic disaster in Butte County. FNMA constructed six new homes and sold the properties to CHIP. According to loan guidelines, FNMA was unable to finance transactions with non-profits. Therefore, TCBK took a leadership role and provided financing to CHIP in order to consummate the transaction.

- CalHFA – This program offers low rates and low-down payments for 1st, 2nd, and 3rd lien position loans. The program offers a more favorable product than a Federal Housing Administration loan. The CalHFA program does not require private mortgage insurance throughout the loan term, substantially reducing borrower expenses over the life of the loan.

- FNMA HomeReady Program – Offers 3.0 percent down payment programs for buyers earning less than 80.0 percent of area median income. The institution helped 46 new homeowners with loans totaling $7.0 million.

- FHLMC Home Possible mortgages – Provides lenders a solution to reach rapidly growing markets of first-time homebuyers and LMI borrowers. The loan program features low down payments, fixed-rate mortgages, reduced mortgage insurance coverage levels, flexible closing cost funding options, and no cash-out refinancing.

- USDA Mortgage – This program assists approved lenders in providing LMI households the opportunity to own dwellings as their primary residence in eligible rural areas. Eligible applicants may receive 100.0 percent financing to purchase, build, rehabilitate, improve, or relocate a dwelling. The program also provides a 90.0 percent loan note guarantee to approved lenders in order to reduce the risk of extending 100.0 percent of loans to eligible rural homebuyers.

- AHP – Provides additional construction financing to organizations involved in large affordable housing projects. The program is designed for the institution to issue a subordinate loan in amounts up to $1 million approved by the FHLB. Furthermore, the institution maintains compliance measures with the borrowing entity for 15 years. The bank's AHP loans provided 267 units of affordable housing with supportive services.

- WISH Program – Provides down payment assistance to low-income individuals and families that are ready to transition from renting to homeownership. The institution accesses WISH as a subordinate loan for a period of up to 5 years and in amounts up to $29,000.

- Middle Income Down Payment Assistance Program - Provides down payment assistance to homebuyers' earnings between 80.0 percent and 140.0 percent of the Housing and Urban Development defined area median income. With a minimum contribution of $10,000, borrowers can receive up to $50,000 towards their down payment.

Community Development Loans

The institution is a leader in making CD loans throughout its AAs. The bank is a leader in making CD loans in most full-scope AAs, except for the Bay Area AA which made a relatively high level of CD loans. In the limited-scope AAs, the performance is consistent for Stanislaus-Merced AA while the Tulare and Fresno AAs performed below the bank-wide AA.

The bank's CD lending level for the review period represents 8.6 percent of average total assets and 13.6 percent of average total loans. CD lending increased significantly from the previous evaluation, where the institution made 107 loans totaling 199.1 million, representing 4.5 percent of average total assets and 6.9 percent of average total loans. The increase in CD lending is attributed to a significant volume of qualified SBA PPP loans as well as a longer review period for CD activities. The institution's CD lending performance is comparable to similarly situated institutions that operate in the bank's AAs. The institution was responsive to credit needs by making loans that benefited affordable housing, economic development, and revitalize/stabilization initiatives. Furthermore, several community contacts indicated that affordable housing and economic development are the primary CD needs throughout the AA. Since the institution met the immediate CD needs of the AAs, examiners qualified a significant portion that benefited multiple regional or statewide areas. The following table details the bank's CD lending by purpose and rated area. Refer to the full scope review areas for additional detail.

Community Development Lending by Assessment Area										
Assessment Area	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Sacramento	14	16,044	30	18,080	21	36,215	20	73,196	**85**	**143,535**
Bay Area	14	39,178	13	1,212	2	1,275	8	16,032	**37**	**57,697**
Butte	7	66,192	15	6,845	0	0	4	10,852	**26**	**83,889**
Rural Northern CA and North Coast	4	9,691	11	391	2	3,075	17	15,986	**34**	**29,143**
Shasta-Tehama	3	22,525	11	2,667	5	16,225	5	1,224	**24**	**42,641**
Kern	5	1,917	3	540	18	35,843	12	49,273	**38**	**87,573**
Stanislaus-Merced	8	16,883	5	835	16	49,777	4	8,582	**33**	**76,077**
Fresno-Madera	9	7,117	4	4,108	16	28,193	4	5,082	**33**	**44,500**
Tulare	1	20	0	0	2	1,458	5	11,045	**8**	**12,523**
Regional Activities	44	76,300	5	9,832	24	110,427	5	39,138	**78**	**235,697**
Total	**109**	**255,867**	**97**	**44,510**	**106**	**282,488**	**84**	**230,410**	**396**	**813,275**
Source: Bank Data										

Given that the bank was responsive to the CD needs of its AAs, examiners considered qualified CD loans that benefitted areas located in the broader regional area that included the bank's AAs, even if the activity did not have a purpose, mandate, or function of benefitting the bank's AAs. The following are notable examples of CD loans at the statewide and regional levels:

- During the evaluation period, TCBK provided approximately $2.0 million in financing through participations in 21 affordable housing projects throughout the state of CA. These projects resulted in the creation of over 1,000 affordable housing units for LMI households.

- TCBK originated a $26 million loan to construct a 69-unit multi-family affordable housing project. The project included Low-Income Housing Tax Credits (LIHTC) and rent for each unit is restricted to between 30 percent and 60 percent of area median income.

INVESTMENT TEST

The institution's Investment Test performance is rated "Outstanding." The bank's performance across all AAs was consistent with the exception of the Sacramento AA which performed at a significant level. The Investment and Grant Activity received the greatest weight in determining the overall rating for the Investment Test across all AAs.

Investment and Grant Activity

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. During the evaluation period, the institution made $163.2 million in new investments, held $51.5 million in prior period investments, and provided nearly $3.5 million in grants and donations. This level of activity represents 2.3 percent of average total assets and 8.9 percent of average total securities. Qualified investments, grants, and donations increased substantially from the prior evaluation, where such activities totaled $79.8 million, representing 1.2 percent of average total assets and 6.7 percent of average total securities. The institution's qualified investment and grant activity is comparable to leaders of similarly situated institutions that operate in the bank's AAs. Additionally, a significant portion or 17 qualified investments totaling $35.6 million benefited affordable housing and economic development in multiple regional statewide areas. The following table details the bank's qualified investments, grants, and donations by purpose and full scope area. Refer to the full scope review areas for additional detail.

Qualified Investments by Assessment Area										
Assessment Area	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Sacramento	6	14,333	5	8,653	0	0	0	0	11	**22,986**
Bay Area	11	21,214	15	21,506	1	500	0	0	27	**43,220**
Butte	5	14,000	1	500	0	0	10	7,553	16	**22,053**
Rural Northern CA and North Coast	8	26,141	7	4,666	0	0	0	0	15	**30,807**
Shasta-Tehama	4	10,549	1	1,194	0	0	0	0	5	**11,743**
Kern	10	23,071	15	11,608	0	0	0	0	25	**34,679**
Stanislaus-Merced	1	3,000	2	1,708	0	0	0	0	3	**4,708**
Fresno-Madera	1	3,000	5	3,967	0	0	0	0	6	**6,967**
Tulare	2	1,642	0	0	0	0	2	168	4	**1,810**
Regional Statewide	10	10,991	2	8,140	5	16,530	0	0	17	**35,661**
Subtotal	**58**	**127,941**	**53**	**61,942**	**6**	**17,030**	**12**	**7,721**	**129**	**214,634**
Qualified Grants & Donations	90	808	342	1,752	75	644	32	253	**539**	**3,457**
Total	**148**	**128,749**	**395**	**63,694**	**81**	**17,674**	**44**	**7,974**	**668**	**218,091**
Source: Bank Data										

Given that the bank was responsive to the CD needs of its AAs, examiners considered qualified CD investments that benefitted 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 benefitting the bank's AAs. The following are notable examples of CD investments at the statewide and regional levels:

- TCBK continued to hold 5 LIHTCs for a total book value of $5.7 million. These LIHTCs are associated with construction of affordable housing units throughout CA where tenants must earn less than 60 percent of the area median income.

- TCBK made a new investment of $10 million into a fund of Small Business Investment Corporation that provides critical financing to small businesses through long-term investments.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and CD needs. According to the various community contacts, all synonymously indicated that affordable housing initiatives were the primary credit and CD needs throughout the institution's AAs. Further, various community contacts indicated that community services or economic development were also primary credit or CD needs. Therefore, a majority of the bank's donations benefited community services targeted to LMI individuals. Community services were particularly impactful due to income loss and financial strain caused by the COVID-19 pandemic. Refer to each full-scope areas for details.

Community Development Initiatives

The institution makes significant use of innovative and/or complex investments to support CD initiatives. Innovative and complex investments made during the review period include LIHTC investments and equity equivalent investments, which require more bank resources and expertise to purchase than less complex instruments, such as mortgage-backed securities.

A LIHTC investment provides tax incentives to encourage individual and corporate investors to invest in the acquisition, development, and rehabilitation of affordable rental housing. To qualify for the credit, a project must meet strict requirements to qualify as a low-income project. During the review period, the bank made 24 new LIHTC investments totaling $81.5 million.

Equity equivalent investments are long-term, fully subordinated debt instruments for nonprofit CDFIs. During the review period, the institution made 2 new equity equivalent investments totaling $1.5 million. This performance is consistent across all the AAs.

SERVICE TEST

The institution's Service Test performance is rated "Outstanding." The performance is generally consistent in most AAs with the exception of the Shasta-Tehama AA and the Rural Northern CA and the North Coast AA, which performed below the overall conclusion. CD Services received the greatest weight in determining the overall rating for the Service Test across all AAs.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the institution's AAs. The institution has 69 full-service branches and 9 LPOs located throughout the bank-wide AA. The number of full-service branches in LMI geographies is 33.3 percent of the total branch network. The percentage of branches located in low-income CTs is below the low-income CT percentages; however, the percentage of branches located in moderate-income tracts is above the percentage of moderate-income tracts. When LMI CTs are combined, the bank performs above the percentage of CTs. Additionally, the bank has two full-service branches located in middle-income distressed or underserved geographies. Both of these full-service branches are located in the Rural Northern CA and North Coast AAs.

The institution also operates 87 ATMs, of which all but two are deposit taking. Of the ATMs located throughout the AAs, 4 are in low- and 25 are in moderate-income geographies. Similarly, two of the ATMs are located in middle-income distressed or underserved CTs located in the Rural Northern CA and North Coast AA. The institution also provides access to over 37,000 surcharge-free ATMs nationwide.

Additionally, the institution offers a variety of alternative delivery systems bank wide that are available to all customers. For example, digital services including 'Advance Online' and mobile banking allow customers to access information on banking products. The services include transacting on checking and savings accounts, business checking, cash management services, and

commercial loan products. Moreover, online services allow customers to open personal and business accounts, apply for loans, order checks, transfer funds between accounts, and obtain customer support. Mobile banking services allow customers to view and manage account balances, pay bills, remote deposit capture, transfer funds, and access a mobile wallet.

Changes in Branch Locations

To the extent changes have been made, the institutions record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. During the evaluation period, the institution closed three branches in moderate-, five in middle-, three in upper-income CTs. Additionally, the institution opened or acquired two branches in moderate-, three in middle-, and two in upper-income CTs. Further, a total of three branch relocations occurred within the same CT, two in the Bay Area AA and one in the Sacramento AA. These relocations did not affect accessibility to LMI geographies. Branch closures in the moderate-income geographies did not affect LMI individuals considering that the existing branches in the Rural Northern CA and the North Coast AA is readily available to the LMI population. Refer to each full- and limited-scope analysis for details regarding changes in the bank's branch locations, including the impact to LMI areas. The following table details the institution's net distribution of branch openings or closings.

Net Distribution of Branch Openings/Closings						
Assessment Area	**# of Branch Openings**	**# of Branch Closings**	**Income Level of CT (+/-)**			
			Low	**Moderate**	**Middle**	**Upper**
Sacramento	2	5	0	0	+1/-2	+1/-3
Bay Area	2*	3*	0	0	+1/-2	0
Rural Northern CA and the North Coast	1	4	0	-2	+1/-2	0
Kern	4	1	0	+1/-1	+1	+2
Tulare	1	1	0	+1	0	-1
Total	**10**	**14**	**0**	**-1**	**-2**	**-1**

Source: Bank Data
** TCBK relocated a branch in a CT without income information during the review period.*

Reasonableness of Business Hours and Services

Services, including business hours do not vary in a way that inconveniences certain portions of the AAs, particularly LMI geographies and LMI individuals. The institution's branch network are full-service and offer the same products and services. Business hours vary slightly by branch Monday through Friday with 91.0 percent of branches open from 9:00 a.m. to 5:00 p.m. The institution has extended some branch service hours on Friday until 6:00 p.m. Additionally, one in-store branch is open on Sundays. The institution also has a vast network of deposit-taking ATMs located throughout the AAs as well as a robust online banking platform that allows for 24-hour access to banking services.

Community Development Services

The institution is a leader in providing CD services in its AAs. During the review period, bank staff provided CD services to various organizations. The bank's performance reflected a substantial increase compared to the prior evaluation which totaled 4,125 service hours. The majority of the current evaluation's hours supported community service initiatives, also identified as a CD need in many of the full scope areas. Additionally, the institution demonstrated responsiveness by supporting LMI populations by offering free financial education seminars and tax preparation services. Service hours performed in regional or statewide areas totaled 517 hours. The institution's service hours are comparable to leaders of similarly situated institutions that operate in the bank's AAs. Refer to each rated area analysis for further detail. The following table details the bank's CD services by purpose and full scope area.

Community Development Services by Assessment Area					
Assessment Area	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	#	#	#	#
Sacramento	231	3,382	175	0	**3,788**
Bay Area	29	383	323	88	**823**
Butte	412	1,873	78	0	**2,363**
Rural Northern CA and North Coast	19	250	302	89	**659**
Shasta-Tehama	27	982	191	125	**1,324**
Kern	0	921	125	24	**1,070**
Stanislaus-Merced	0	41	71	0	**112**
Fresno-Madera	5	201	702	0	**908**
Tulare	6	125	5	0	**136**
Regional Statewide	4	392	11	110	**517**
Total	**732**	**8,550**	**1,982**	**436**	**11,699**
Source: Bank Data					

Given that the bank was responsive to the CD needs of its AAs, examiners considered qualified CD services that benefitted 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 benefitting the bank's AAs. The following are notable examples of CD services at the regional levels:

- An employee provided 265 hours serving on the board of a community-based healthcare organization that receives federal funding to provide comprehensive, affordable, and accessible healthcare services to underserved populations, regardless of their ability to pay.

- An employee provided 17 hours serving on an advisory board of a community organization that houses, educates, provides other social services, and integrates victims of human trafficking back into society.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

During the CRA evaluation period, examiners identified illegal credit practices involving reverse mortgage lending that violated Section 8 of the Real Estate Settlement Procedures Act and its implementing regulation, Regulation X. The identified illegal credit practices are inconsistent with helping to meet community credit needs. While the duration of the violation covered the CRA evaluation period, the extent of violation was attributed to a single third-party reverse mortgage lending relationship. The institution's overall CRA rating was not lowered from an Outstanding to Satisfactory rating because the illegal credit practices were not related to a major product line reviewed during this evaluation nor material compared to the overall scale of the bank's business and lending activities. The institution generally has policies, procedures, training, monitoring, and audit practices in place to prevent discriminatory or other illegal credit practices. Further, management committed to enhancing the institution's compliance management system for the reverse mortgage program and implementing full corrective action, including providing voluntary restitution to affected consumers.

SACRAMENTO AA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE SACRAMENTO CSA

The Sacramento AA is comprised of Sacramento, Yolo, and Placer Counties and are part of the Sacramento-Roseville-Folsom, CA MSA #40900. Sutter and Yuba Counties make up the Yuba City, CA MSA #49700; and Nevada County, a contiguous non-MSA bordering the MSAs. These MSAs and non-MSA represent the Sacramento-Roseville CSA #472. The institution operates 12 branches in the AA. There were no changes to the delineated AA during the evaluation period.

Economic and Demographic Data

Each AA reflected a slight change in the evaluation period due to the 2020 U.S. Census. These changes specifically impacted the revision of CT delineations and income designations. Therefore, in 2021, based on the 2015 ACS, the AA consisted of 498 CTs: 41 low-, 121 moderate-, 163 middle-, and 166 upper-income, as well as 2 CTs without income designations. Moreover, in 2023 based on the 2020 U.S. Census, the AA consisted of 574 CTs: 47 low-, 138 moderate-, 195 middle-, and 187 upper-income, as well as 7 CTs without income designations. The following table shows select demographic, housing, and business data for the AA.

Demographic Information of the Assessment Area Assessment Area: Sacramento AA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (CTs)	574	8.2	24.0	34.0	32.6	1.2
Population by Geography	2,489,646	7.7	23.9	34.6	33.0	0.9
Housing Units by Geography	934,495	7.2	22.9	35.9	33.5	0.5
Owner-Occupied Units by Geography	525,369	3.6	17.9	38.0	40.4	0.2
Occupied Rental Units by Geography	342,415	12.8	31.8	32.9	21.3	1.1
Vacant Units by Geography	66,711	7.0	16.7	34.2	41.4	0.7
Businesses by Geography	292,720	7.7	27.4	30.3	33.0	1.5
Farms by Geography	7,707	4.3	18.9	36.8	39.2	0.7
Family Distribution by Income Level	582,108	22.9	16.8	19.1	41.2	0.0
Household Distribution by Income Level	867,784	24.6	15.9	17.2	42.3	0.0
Median Family Income MSA - 40900 Sacramento-Roseville-Folsom, CA MSA		$90,500	Median Housing Value			$410,679
Median Family Income MSA - 49700 Yuba City, CA MSA		$69,812	Median Gross Rent			$1,360
Median Family Income Non-MSAs - CA		$70,728	Families Below Poverty Level			8.9%

Source: 2020 U.S. Census and 2023 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

Based on the 2020 U.S. Census data, 56.2 percent of the housing units are owner-occupied, 36.6 percent are occupied rental units, and 7.1 percent are vacant. The median housing value reflects a home price below the state average but above the national average.

According to the 2023 D&B data, there were 300,427 businesses and farms operating in the AA. Service industries represent the largest portion of businesses at 36.5 percent; followed by non-classifiable establishments at 22.4 percent; finance, insurance, and real estate at 10.5 percent; and retail trade at 10.2 percent. Additionally, 64.9 percent of area businesses employ 4 or fewer employees, and 93.8 percent operate from a single location.

The Bureau of Labor Statistics (BLS) provides data on changes in unemployment rates. Unemployment rates in CA and the United States increased from year-end 2021 to year-to-date 2024, with the state unemployment rate slightly higher than the national average each year. The rate of unemployment reflected a downward trend beginning in 2021 compared to the previous years. In 2022, the unemployment rate appears to be the lowest, across all years, however the percentages increased in 2023.

Unemployment Rates				
Area	2021	2022	2023	2024
	%	%	%	%
Sacramento County	4.7	3.7	4.7	4.5
Yolo County	4.6	4.1	5.3	5.1
Placer County	3.5	2.9	4.0	3.9
Yuba County	6.2	5.9	7.1	7.3
Nevada County	4.0	3.2	4.2	4.2
State of CA	5.5	4.4	5.1	5.3
National Average	3.9	3.5	3.7	3.9
Source: Bureau of Labor Statistics				

According to Moody's Analytics as of May 2024, the employment growth has drastically slowed. Employment in the leisure/hospitality industry is constrained; however, the healthcare and public sectors reported steady gains. The unemployment rate is 100 basis points above pre-pandemic lows and closer to the state of CA averages. Additionally, the payrolls in the public sectors remain stagnant due to significant deficit in revenue. As the state capital and home to two public universities, the number of state employees is more than triple the national averages. Budget shortfalls also stifled the funding for the local universities. The metro area also boasts a large concentration of healthcare providers. Healthcare accounts for above average share of employment in the Sacramento AA. The population in the AA has slowed because of worsening affordability issues. Since the healthcare sector accounts for a significant portion of Sacramento's high wage non-government jobs, the incomes affected the affordability of homes in the area. Rising business costs impact consumer related industries. For example, leisure/hospitality, and retail sectors were affected by higher overhead costs particularly while coping with the statewide minimum wage increase effective as of January 1, 2024. These industries rely on low-wage workers to maintain profitability. Strengths in the area include lower living and business costs than the Bay Area and a strong healthcare hub for surrounding rural counties. Relative living costs index compared nationally are 114 percent while businesses are 131 percent. Weaknesses include elevated employment volatility and overreliance on state government jobs. The top employers in the area are University of CA Davis and University of CA Davis Health, Sutter Health, Kaiser Permanente, Dignity Health, and Intel Corporation.

The FFIEC 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.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Sacramento-Roseville-Folsom, CA MSA Median Family Income (40900)				
2023 ($113,900)	<$56,950	$56,950 to <$91,120	$91,120 to <$136,680	≥$136,680
Yuba City, CA MSA Median Family Income (49700)				
2023 ($76,100)	<$38,050	$38,050 to <$60,880	$60,880 to <$91,320	≥$91,320
Source: FFIEC				

Competition

The AA has a high level of competition for financial services. According to the June 30, 2023 FDIC Deposit Market Share Report, 57 FDIC-insured financial institutions share $159.7 billion in total deposits in the AA. Of these institutions, TCBK ranks 7th in deposit market share, holding 3.7 percent of the AA's deposits.

Community Contacts

Examiners reviewed information from a recent community contact with an organization that promotes economic development in the AA. The contact represented a small business development organization that provides economic development by assisting small businesses with one-on-one mentoring, workshops, and loans. The contact noted that small businesses are not seeking additional credit but are seeking grants. The contact stated there is a community need for additional capital to fund organizations that provide technical assistance to LMI small business owners and local CDFIs. The contact indicated that there are opportunities for local financial institutions to participate in the CA Small Business Loan Guarantee Program and SBA loan programs.

Examiners also reviewed information from a recent community contact with a local affordable housing organization. The contact noted that there is a higher demand for multi-family housing than single-family residential housing. LMI individuals in the market to purchase a single-family residence are seeking down payment assistance. There is a need in the AA to support CDFIs that provide funding and homeownership resources to LMI individuals. Identified credit needs include funding organizations that offer homeownership counseling, offering down payment assistance, multi-family housing, and affordable housing. The contacts mentioned affordable housing and community services as a CD need.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing and economic development are primary credit need for the AA. Additionally, examiners identified CD opportunities exist in the AA, particularly affordable housing, economic development and community services.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE SACRAMENTO AA

LENDING TEST

Lending Test performance in the Sacramento AA demonstrates adequate performance. This conclusion is supported by good lending levels, adequate geographic distribution, poor borrower profile, and an excellent level of CD loans.

Lending Activity

The institution's lending levels reflect good responsiveness to AA credit needs. Compared to the prior evaluation, the level of lending activity increased across the three products.

During the evaluation period, the bank reported 1,360 small business loans totaling $228.1 million in the AA. This represents an increase from the previous evaluation, where the bank reported 844 small business loans totaling $139.8 million. According to the 2022 small business aggregate data, the institution ranked 27th out of 162 reporting lenders, with 0.3 percent of the market share by number of small business loans originated or purchased in the AA.

Moreover, the bank reported 65 small farm loans totaling $7.9 million in the AA. This represents a slight increase compared to the prior examination where the bank reported 41 small farm loans totaling $6.7 million. In 2022, the institution ranked 12th out of 20 lenders with 0.9 percent of the market share by number of small farm loans originated or purchased in the AA.

The small business and small farm lending competition is high given that the institution competes with several large national lenders such as JP Morgan Chase Bank National Association (NA), American Express NA, Bank of America NA, and US Bank NA.

The bank also reported 1,260 home mortgage loans totaling $393.8 million in the AA. This represents a significant increase from the previous evaluation, where the bank reported 952 home mortgage loans totaling $232.6 million. According to the 2022 home mortgage aggregate data, TCBK ranked 31st out of 764 reporting lenders, with 0.8 percent of the market share by number of home mortgage loans originated or purchased in the AA. It is important to note that there is a considerable level of competition in this AA. The institution competes with several large mortgage companies such as United Wholesale Mortgage, Rocket Mortgage, Golden 1 Credit Union, and Bank of America NA.

Although the institution is not a market leader in this AA, the lending levels are comparable to similarly situated institutions during this evaluation period. For example, the institution's small business and small farm market share ranking fell slightly, but home mortgage market share ranking reflected improvement. Therefore, the lending activity reflects adequate responsiveness.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the AA. This conclusion is primarily supported by adequate penetration for small business and home mortgage loans. However, small farm geographic distribution reflects poor penetration. Small business carried the most weight in the overall conclusion.

Small Business

The geographic distribution of small business loans reflects adequate penetration. The lending in low-income CTs slightly exceed aggregate lenders in 2021 and 2022. Although in 2023, lending in low-income reflected a slight downward trend, the performance slightly exceeds the percentage of businesses.

In 2021, the lending in moderate-income CTs exceed aggregate lenders. In 2022, lending in moderate-income CTs reflected a decline and compared slightly below aggregate lenders. In 2023, lending performance in moderate-income CTs continued to reflect a slight downward trend and compared unfavorably to the percentage of businesses.

Geographic Distribution of Small Business Loans Assessment Area: Sacramento AA						
Tract Income Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	8.9	8.1	70	9.3	14,712	13.0
2022	7.9	7.3	28	9.3	3,999	6.2
2023	7.7	--	25	8.1	5,119	10.2
Moderate						
2021	23.8	21.0	194	25.9	31,410	27.8
2022	24.0	19.5	51	16.9	13,510	20.9
2023	27.4	--	48	15.6	6,927	13.8
Middle						
2021	29.1	29.3	202	26.9	24,943	22.1
2022	31.8	32.8	121	40.1	25,915	40.0
2023	30.3	--	121	39.3	21,474	42.7
Upper						
2021	36.5	40.5	280	37.3	40,769	36.1
2022	34.7	39.5	100	33.1	21,220	32.8
2023	33.0	--	114	37.0	16,803	33.4
Not Available						
2021	1.7	1.0	4	0.5	1,151	1.0
2022	1.6	0.9	2	0.7	100	0.2
2023	1.5	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**750**	**100.0**	**112,985**	**100.0**
2022	**100.0**	**100.0**	**302**	**100.0**	**64,744**	**100.0**
2023	**100.0**	**--**	**308**	**100.0**	**50,323**	**100.0**
Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Small Farm

The geographic distribution of small farm loans reflects poor penetration. The institution did not make any small farm loans in low-income CTs during the evaluation period. Aggregate reported data reflects limited lending opportunities in low-income CTs within this AA.

In 2021, the institution did not make any loans in moderate-income CTs. However, beginning in 2022, the lending in moderate-income CTs reflected an upward trend and increased to 5.0 percent. This percentage is below aggregate lenders and is significantly below the percent of small farms in

moderate-income CTs. In 2023, the lending performance improved slightly to 13.3 percent. This percentage is below the percentages of farms located in moderate-income CTs; therefore, the bank's performance is considered poor.

Geographic Distribution of Small Farm Loans Assessment Area: Sacramento AA						
Tract Income Level	**% of Farms**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	4.6	1.3	0	0.0	0	0.0
2022	4.4	1.1	0	0.0	0	0.0
2023	4.3	--	0	0.0	0	0.0
Moderate						
2021	17.5	7.6	0	0.0	0	0.0
2022	17.5	9.7	1	5.0	10	0.4
2023	18.9	--	2	13.3	7	0.3
Middle						
2021	33.0	35.7	12	40.0	1,847	55.3
2022	37.3	39.0	12	60.0	1,481	58.3
2023	36.8	--	4	26.7	395	19.5
Upper						
2021	44.4	53.5	18	60.0	1,495	44.7
2022	40.0	49.3	7	35.0	1,048	41.3
2023	39.2	--	9	60.0	1,625	80.2
Not Available						
2021	0.5	1.9	0	0.0	0	0.0
2022	0.8	0.9	0	0.0	0	0.0
2023	0.7	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**30**	**100.0**	**3,342**	**100.0**
2022	**100.0**	**100.0**	**20**	**100.0**	**2,539**	**100.0**
2023	**100.0**	**--**	**15**	**100.0**	**2,027**	**100.0**

Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Home Mortgage

The geographic distribution of home mortgage loans reflects adequate penetration. The institution's lending performance in low-income CTs was slightly below aggregate lenders in 2021 and 2022. In 2023, the lending performance in low-income CTs trended down slightly and also remained slightly below the percentage of owned occupied housing units.

Lending to moderate-income geographies was below the aggregate lenders in 2021 and 2022. However, in 2023, the lending performance reflected an upward trend that was below the percentage of owner-occupied housing units.

High interest rates and unaffordable housing issues affected the bank's home mortgage lending performance. Despite these challenges, the institution's lending performance in low-income CTs was generally comparable, given a substantially lower market share percentage. Additionally, the lending performance in moderate-income CTs reflected an upward trend. Considering these factors the geographic distribution of home mortgage reflects adequate penetration.

Geographic Distribution of Home Mortgage Loans Assessment Area: Sacramento AA						
Tract Income Level	**% of Owner-Occupied Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	4.4	4.9	18	3.4	10,420	6.9
2022	3.6	4.0	17	3.3	10,875	5.9
2023	3.6	--	3	1.4	915	1.5
Moderate						
2021	18.6	16.9	62	11.7	9,960	6.6
2022	17.9	18.6	65	12.6	14,815	8.1
2023	17.9	--	31	14.6	7,965	13.4
Middle						
2021	33.9	31.4	171	32.2	44,225	29.4
2022	38.0	34.0	168	32.5	84,290	45.8
2023	38.0	--	65	30.7	19,205	32.3
Upper						
2021	43.1	46.8	278	52.4	80,210	53.3
2022	40.4	43.2	266	51.5	72,670	39.5
2023	40.4	--	113	53.3	31,385	52.8
Not Available						
2021	0.0	0.1	2	0.4	5,620	3.7
2022	0.2	0.2	1	0.2	1,265	0.7
2023	0.2	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**531**	**100.0**	**150,435**	**100.0**
2022	**100.0**	**100.0**	**517**	**100.0**	**183,915**	**100.0**
2023	**100.0**	**--**	**212**	**100.0**	**59,470**	**100.0**
Source: 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Borrower Profile

The distribution of borrowers reflects poor penetration among retail customers of different income levels and business customers of different revenue size. This conclusion is supported by poor performance in small business. Performance in home mortgage lending is considered adequate and small farm performance is considered good. Small business carried the greatest weight in the overall rating.

Small Business

The distribution of borrowers reflects poor penetration to businesses with gross annual revenues (GARs) of $1.0 million or less. The lending performance to small businesses was significantly below aggregate lenders in 2021 and 2022. The lending performance in 2021 is skewed due to the volume of the SBA PPP lending activity. As a result, 273 SBA PPP loans that were reported did not contain revenue data. The SBA PPP lending was responsive to the credit needs of small businesses during the pandemic. In 2023, lending performance reflected a slight upward trend; however, the percentage is still significantly below the percentages of businesses. Considering the lending performance across the three-year period the overall distribution of loans to small businesses is poor.

Distribution of Small Business Loans by Gross Annual Revenue Category **Assessment Area: Sacramento AA**						
Gross Revenue Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2021	88.7	47.8	268	35.7	30,619	27.1
2022	90.4	55.1	123	40.7	21,476	33.2
2023	91.6	--	128	41.6	7,652	15.2
>$1,000,000						
2021	3.3	--	209	27.9	54,177	48.0
2022	2.7	--	171	56.6	40,478	62.5
2023	2.4	--	175	56.8	39,271	78.0
Revenue Not Available						
2021	7.9	--	273	36.4	28,189	24.9
2022	6.9	--	8	2.6	2,790	4.3
2023	6.0	--	5	1.6	3,400	6.8
Totals						
2021	**100.0**	**100.0**	**750**	**100.0**	**112,985**	**100.0**
2022	**100.0**	**100.0**	**302**	**100.0**	**64,744**	**100.0**
2023	**100.0**	**--**	**308**	**100.0**	**50,323**	**100.0**
Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Small Farm

The distribution of loans to small farms reflects good penetration among farms of different revenue sizes. The lending performance to small farms exceed aggregate lenders in 2021. In 2022, the lending performance reflect a downward trend; however, the percentage was comparable to

aggregate lenders. In 2023, the lending percentages to small farm reflected an upward trend but was below the percentage of farms. Considering these trends, the lending performance is good.

Distribution of Small Farm Loans by Gross Annual Revenue Category Assessment Area: Sacramento AA						
Gross Revenue Level	**% of Farms**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2021	94.9	59.1	20	66.7	2,752	82.3
2022	95.6	61.5	12	60.0	2,048	80.7
2023	96.0	--	10	66.7	1,939	95.7
>$1,000,000						
2021	3.1	--	4	13.3	189	5.7
2022	2.7	--	8	40.0	491	19.3
2023	2.4	--	5	33.3	88	4.3
Revenue Not Available						
2021	1.9	--	6	20.0	401	12.0
2022	1.7	--	0	0.0	0	0.0
2023	1.6	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**30**	**100.0**	**3,342**	**100.0**
2022	**100.0**	**100.0**	**20**	**100.0**	**2,539**	**100.0**
2023	**100.0**	**--**	**15**	**100.0**	**2,027**	**100.0**
Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Home Mortgage

The distribution of home mortgage loans reflects adequate penetration to borrowers of different income levels. The lending to low-income borrowers slightly exceeds aggregate lenders in 2021 and 2022. In 2023, the lending percentages remained consistent; however, the performances compared unfavorably to the percentage of low-income families.

In 2021, lending performance to moderate-income borrowers was below aggregate lenders and the percentage of families. However, in 2022 the performance reflected an upward trend and slightly exceeded the aggregate lenders. In 2023, the lending performance reflected a slight downward trend and performed below the percentage of families. Drastic changes in an increasing interest rate environment affected loan demand and limited LMI borrowers' ability to access credit. Additionally, the institution operates in a competitive market with the largest institutions in the country, including mortgage brokers that dominate the market. Considering these factors, the bank's lending performance is reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Sacramento AA						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	23.8	4.0	28	5.3	3,240	2.2
2022	22.9	4.7	41	7.9	5,165	2.8
2023	22.9	--	16	7.5	1,800	3.0
Moderate						
2021	16.5	13.4	57	10.7	9,335	6.2
2022	16.8	13.2	80	15.5	13,230	7.2
2023	16.8	--	26	12.3	3,060	5.1
Middle						
2021	18.3	22.8	79	14.9	13,275	8.8
2022	19.1	22.5	96	18.6	15,020	8.2
2023	19.1	--	47	22.2	9,185	15.4
Upper						
2021	41.4	44.4	294	55.4	89,030	59.2
2022	41.2	45.5	260	50.3	69,740	37.9
2023	41.2	--	96	45.3	27,820	46.8
Not Available						
2021	0.0	15.4	73	13.7	35,555	23.6
2022	0.0	14.1	40	7.7	80,760	43.9
2023	0.0	--	27	12.7	17,605	29.6
Totals						
2021	**100.0**	**100.0**	**531**	**100.0**	**150,435**	**100.0**
2022	**100.0**	**100.0**	**517**	**100.0**	**183,915**	**100.0**
2023	**100.0**	**--**	**212**	**100.0**	**59,470**	**100.0**
Source: 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Community Development Loans

The institution is a leader in making CD loans. The institution's CD lending level represents a significant increase by number and dollar volume from the previous evaluation, where the institution made 29 loans totaling $33.2 million. In response to the designated disaster areas, a vast majority of CD loans supported revitalize/stabilization initiatives. Additionally, the community contact indicated that affordable housing, economic development, and community services were identified as CD needs in the AA.

Community Development Lending – Sacramento AA										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
2021	5	10,207	2	2,550	8	12,085	11	35,605	**26**	**60,447**
2022	6	5,373	10	4,237	10	18,203	9	37,591	**35**	**65,404**
2023	3	464	12	5,793	1	2,000	0	0	**16**	**8,257**
YTD 2024	0	0	6	5,500	2	3,927	0	0	**8**	**9,427**
Total	**14**	**16,044**	**30**	**18,080**	**21**	**36,215**	**20**	**73,196**	**85**	**143,535**
Source: Bank Data										

The following are examples of CD loans benefitting the AA over the evaluation period:

- In 2022, the institution made a $5.8 million loan for the refinance and cash out to facilitate construction, expansion, and tenant improvements on a 19-unit, multi-tenant project in an industrial/flex park. The property improvements include adding office spaces and facilitating business growth in a moderate-income tract. The site improvements will revitalize/stabilize the area by attracting new businesses and retaining existing businesses and revenue.

- In 2023, the institution made a $5.0 million line of credit to a non-profit organization that provides psychiatric services, support and advocacy for adults and children with psychiatric and other co-occurring disorders within Northern CA. Some major programs offered include: Care Services for Adults and Children, Homeless Intervention Services, Crisis Residential Services, and Employment and Education Services. A majority of the clients are LMI individuals and receives social security income. This line of credit assists the organization in funding payroll for over 600 employees. Without the increase in the line of credit, these programs that benefit LMI would cease to exist.

- In 2021, the institution made a $4.6 million SBA 504 loan to financing the purchase of a 132-room limited services hotel. The subject property is currently in the construction phase to be converted into a hotel. The property is located in a moderate-income tract, which will help to attract visitors to the area and improve the economy.

INVESTMENT TEST

The Investment Test performance in the Sacramento AA is good. The conclusion is primarily supported by a significant level of qualified investments and grants, exhibits good responsiveness, and makes significant use of innovative and/or complex investments.

Investment and Grant Activity

The institution has a significant level of qualified investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. During the evaluation period, the institution made $22.1 million in new investments, held prior period investments, and provided donations that directly benefitted the AA. This level of CD activity is a significant increase from the prior evaluation, where the institution made 71 qualified investments and donations totaled $13.5 million.

Qualified Investments – Sacramento AA										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Prior Period	0	0	1	903	0	0	0	0	**1**	**903**
2021	3	4,000	0	0	0	0	0	0	**3**	**4,000**
2022	3	10,333	4	7,750	0	0	0	0	**7**	**18,083**
2023	0	0	0	0	0	0	0	0	**0**	**0**
Subtotal	**6**	**14,333**	**5**	**8,653**	**0**	**0**	**0**	**0**	**11**	**22,986**
Qualified Grants & Donations	14	62	73	211	9	27	3	8	**99**	**308**
Total	**20**	**14,395**	**78**	**8,864**	**9**	**27**	**3**	**8**	**110**	**23,294**
Source: Bank Data										

The following are examples of qualified investments and donations benefitting the AA over the evaluation period:

- In 2021, the institution made a $1.0 million equity equivalent investment in a CDFI that benefited affordable housing initiatives in the AA.

- In 2022, the institution made a $5.0 million investment in a LIHTC for the purpose of acquiring and rehabilitation of a 29-unit affordable housing for seniors. All 29 units are designated for LMI individuals.

- In 2022, the institution purchased a $2.9 million school bond that benefited the San Juan Unified School District. More than 50.0 percent of the students are enrolled in the free or reduced priced lunch program.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and CD needs. A substantial majority of the investments supported affordable housing and community services, which are identified AA community needs.

Community Development Initiatives

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

SERVICE TEST

The Service Test performance in the Sacramento AA is excellent. The leadership role in providing CD services supports this conclusion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the institution's AA. Operating 12 branches and 14 ATMs. As shown in the following table, the bank's distribution of branches and ATMs in low-income CTs compares similarly to demographic data. The bank's branch presence in moderate-income CTs is below the percentage of population and the CTs; however, is generally consistent with peers. Branches in LMI geographies represents 25.0 percent of its total branch network within this AA. There are no LPOs but the bank's administrative office is located in this AA. The following table shows the branch and ATM locations within the AA.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	**CTs**		**Population**		**Branches**		**ATMs**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Low	47	8.2	190,860	7.7	1	8.3	1	7.1
Moderate	138	24.0	594,554	23.9	2	16.7	2	14.3
Middle	195	34.0	860,422	34.6	3	25.0	4	28.6
Upper	187	32.6	821,557	33	5	41.7	6	42.9
NA	7	1.2	22,253	0.9	1	8.3	1	7.1
Total	**574**	**100.0**	**2,489,646**	**100**	**12**	**100.0**	**14**	**100.0**

Source: 2020 U.S. Census & Bank Data Due to rounding, totals may not equal 100.0%

Alternate delivery systems are consistent with the institution overall. Refer to the institution-wide section for details on alternate delivery systems.

Changes in Branch Locations

To the extent changes have been made, the institution's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. During the evaluation period, the institution opened one middle-income branch. Furthermore, TCBK closed two branches in upper-income and two branches in middle-income CTs. Moreover, one branch in an upper-income CT was converted from an in-store branch into a full-service branch located in the same plaza. Considering the changes in branch locations, the LMI individuals or geographies were not adversely affected by these changes.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the Sacramento AA, particularly LMI geographies and/or individuals. This is consistent with the overall conclusion for the institution. Products and services in the AA are consistent with the institution overall. Most branch offices are open Monday through Friday from 9:00 a.m. to 5:00 p.m. The institution offers drive-up windows at one branch location. All branch locations offer ATM services. Additionally, three branches are open on Saturday from 9:00 a.m. to 1:00 p.m.

Community Development Services

The institution is a leader in providing CD services. During the evaluation period, service hours substantially increased compared to the last evaluation where bank employees provided 963 service hours. The majority of current evaluation services benefited community services, which was identified as a CD need within the AA.

Community Development Services – Sacramento AA					
Activity Year	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	#	#	#	#
2021	66	776	43	0	**885**
2022	85	1,193	44	0	**1,322**
2023	70	1,053	64	0	**1,186**
2024	10	361	24	0	**395**
Total	**231**	**3,382**	**175**	**0**	**3,788**
Source: Bank Data					

The following are examples of CD services provided by bank employees in the AA over the evaluation period:

- Numerous employees provided 346 hours of financial education to after-school childcare for LMI participants in this AA.

- An employee served as Treasurer and spent 152 hours serving on the board of an organization that provides services for employment, health, housing, and financial education to LMI individuals.

- An employee served as a Treasurer and spent 144 hours serving on the board of an organization that provides services to LMI for employment, health, housing, and financial education.

BAY AREA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE BAY AREA ASSESSMENT AREA

The Bay Area AA consists of contiguous counties of Contra Costa, San Francisco, San Mateo, Santa Clara, and Sonoma, which are also all located within the San Jose-San Francisco-Oakland CSA #488. The institution operates 13 branches in the AA. The only branch located in Santa Clara County closed in November 2021. As a result, Santa Clara County was removed from the bank's delineated AA as of January 1, 2023.

Economic and Demographic Data

In 2021, based on the 2015 ACS, the AA consists of 1,035 CTs: 95 low-, 215 moderate-, 357 middle-, 354 upper-income, and 14 CTs without an income designation. In 2023 based on the 2020 U.S. Census, the AA consisted of 1,190 CTs: 81 low-, 272 moderate-, 427 middle-, 377 upper-income, and 33 CTs without income designations. The following table details the select demographic, housing, and business information of the AA.

Demographic Information of the Assessment Area Assessment Area: Bay Area AA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (CTs)	1,190	6.8	22.9	35.9	31.7	2.8
Population by Geography	5,229,456	6.5	23.5	37.2	31.5	1.2
Housing Units by Geography	1,967,830	5.9	21.2	37.6	33.6	1.7
Owner-Occupied Units by Geography	1,035,693	2.8	18.3	39.7	38.5	0.7
Occupied Rental Units by Geography	812,370	9.7	25.2	35.5	26.9	2.7
Vacant Units by Geography	119,767	6.1	18.7	34.6	37.8	2.8
Businesses by Geography	673,015	4.9	18.0	33.4	39.4	4.3
Farms by Geography	11,160	4.1	19.1	38.4	36.6	1.8
Family Distribution by Income Level	1,215,376	23.1	16.6	19.0	41.3	0.0
Household Distribution by Income Level	1,848,063	25.5	15.0	17.4	42.1	0.0
Median Family Income MSA - 36084 Oakland-Berkeley-Livermore, CA		$123,312	Median Housing Value			$1,013,497
Median Family Income MSA - 41884 San Francisco-San Mateo-Redwood City, CA		$143,526	Median Gross Rent			$2,174
Median Family Income MSA - 41940 San Jose-Sunnyvale-Santa Clara, CA MSA		$145,548	Families Below Poverty Level			4.8%
Median Family Income MSA - 42220 Santa Rosa-Petaluma, CA MSA		$102,411				

Source: 2020 U.S. Census and 2023 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

Based on the 2020 U.S. Census data, 52.6 percent of the housing units are owner-occupied, 41.2 percent are occupied rental units, and 6.1 percent are vacant. The median housing value reflects one of the highest priced areas in the nation.

According to the 2023 D&B data, there are 684,175 businesses and farms operating in the AA. Service industries represent the largest portion of businesses at 41.0 percent; followed by non-classifiable establishments at 20.0 percent; finance, insurance, and real estate at 12.8 percent; and retail trade at 9.9 percent. Additionally, 65.3 percent of area businesses employ 4 or fewer employees and 93.3 percent operate from a single location.

The Bay Area has some of the lowest unemployment rates in the state of CA as well as the nation. Throughout the evaluation period the rates of unemployment were consistent with the exception of 2022. In 2022, the low unemployment rate is attributed to the end of the COVID-19 pandemic.

Unemployment Rates				
Area	**2021**	**2022**	**2023**	**2024**
	%	**%**	**%**	**%**
San Francisco County	3.1	2.3	3.6	3.4
San Mateo County	2.9	2.2	3.3	3.3
Contra Costa County	4.3	3.2	4.5	4.4
Santa Clara County	3.1	2.4	3.9	3.8
Sonoma County	3.7	2.9	3.8	3.8
State of CA	5.5	4.4	5.1	5.3
National Average	3.9	3.5	3.7	3.9
Source: Bureau of Labor Statistics				

According to Moody's Analytics as of May 2024, the Bay Area AA economy has headed towards uncertainty. As of mid-2023, total employment has trended down year-over-year. The technology sector is faltering but modest gains were evidenced in healthcare, leisure/hospitality, and local government. Home prices have not rebounded from the 2022 correction. Additionally, Equifax indicated a net out-migration persisted during the tail end of the pandemic but has now stabilized. As previously indicated, technology growth underwhelmed and payrolls fell over the past year. New technology hubs outside of the Bay Area are siphoning away firms, talent, and investments from the AA. High interest rates have slowed new investments. As firms mandate in-person workdays, office occupancy is still less than half of the pre-pandemic levels. The lack of foot track is affecting the sluggish recovery of consumer/retail services. Even during the pre-pandemic in a favorable hiring period, many technology workers were not located in the AA. Since the pandemic, commercial vacancy rates have been rising. The commercial real estate is the most exposed market across the nation. Moreover, high interest rates also curbed loan demand affecting home purchase and refinancing. The area also faces land constraints which limits construction. Strengths in the area include a highly educated and skilled workforce, high incomes, and robust technology and service companies. Weaknesses are high housing, office rent, and energy costs. Additionally, weaknesses include elevated employment volatility and overreliance on state government jobs. The top employers in the area are University of CA San Francisco, Salesforce.com Inc., Wells Fargo NA, Kaiser Permanente, and United Airlines.

The FFIEC 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.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Oakland-Berkeley-Livermore, CA Median Family Income (36084)				
2023 ($147,900)	<$73,950	$73,950 to <$118,320	$118,320 to <$177,480	≥$177,480
San Francisco-San Mateo-Redwood City, CA Median Family Income (41884)				
2023 ($173,200)	<$86,600	$86,600 to <$138,560	$138,560 to <$207,840	≥$207,840
San Jose-Sunnyvale-Santa Clara, CA MSA Median Family Income (41940)				
2022 ($178,800)	<$89,400	$89,400 to <$143,040	$143,040 to <$214,560	≥$214,560
Santa Rosa-Petaluma, CA MSA Median Family Income (42220)				
2023 ($128,100)	<$64,050	$64,050 to <$102,480	$102,480 to <$153,720	≥$153,720
Source: FFIEC				

Competition

The AA has a high level of competition for financial services. According to the June 30, 2023 FDIC Deposit Market Share Report, 129 FDIC-insured financial institutions share $1.1 billion in total deposits in the AA. Of these institutions, TCBK ranks 17th in deposit market share, holding 1.3 percent of the AA's deposits.

Community Contacts

Examiners reviewed information from a recent community contact with an organization that promotes economic development in the AA. The contact indicated that small businesses struggle to find workers in the Bay Area because of high living costs. The contact mentioned that due to high living costs in the area there is a need for affordable housing. Lower wage workers commute great distances to the metros for work. Additionally, small businesses are hesitant to obtain additional credit while others are struggling to lower debt. A majority of the small and low revenue businesses are seeking grants but the federally funds have already been depleted.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contact, bank management, and demographic and economic data. Examiners determined the primary credit needs are small business and home mortgage lending. There is also an opportunity for business development for entrepreneurs who are trying to establish and grow their businesses. Furthermore, economic development, community services, and affordable housing CD are needs in the area due to high business costs and high cost of housing. There are numerous opportunities in the AA for local financial institutions to collaborate with community groups to address these needs.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE BAY AREA AA

LENDING TEST

Lending Test performance in the Bay Area AA demonstrates good performance. This conclusion is supported by good lending levels, good geographic distribution, adequate borrower profile, and a relatively high level of CD loans.

Lending Activity

The institution's lending levels reflect good responsiveness to AA credit needs. Small farm lending was not presented, as it is not considered a major product line for this AA. Compared to the prior evaluation, the level of lending activity increased across the small business and home mortgage products.

During the evaluation period, the bank reported 664 small business loans totaling $152.2 million in the AA. This represents an increase from the previous evaluation, where the bank reported 316 small business loans totaling $70.5 million. According to the 2022 small business aggregate data, the institution ranked 45th out of 217 reporting lenders, with less than 1.0 percent of the market share by number of small business loans originated or purchased in the AA. The small business lending competition is high. TCBK competes with several large national lenders that dominate this market, such as JP Morgan Chase NA, American Express NA, Bank of America NA, Wells Fargo NA, and US Bank NA.

The bank also reported 461 home mortgage loans totaling $390.8 million in the AA. This represents an increase from the previous evaluation, where the bank reported 217 home mortgage loans totaling $94.7 million. According to the 2022 home mortgage aggregate data, the institution ranked 103 out of 786 reporting lenders, with 0.2 percent of the market share by number of home mortgage loans originated or purchased in the AA. It is important to note, this AA is highly competitive especially with the large number of mortgage companies operating in the AA, such as Bank of America NA, Wells Fargo NA, First Republic Bank, Rocket Mortgage, and US Bank NA.

Although the institution is not a market leader in this AA, the lending levels are comparable to similarly situated institutions during this evaluation period. For example, the institution's small business market share ranking fell, but home mortgage market share ranking reflected an improvement. Therefore, the lending activity reflects good responsiveness.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the AA. This conclusion is supported by excellent lending performance in small business and adequate performance in home mortgage.

Small Business

The geographic distribution of small business loans reflects excellent penetration. In low-income geographies, the bank exceeded aggregate lenders in 2021 and 2022. In 2023, the bank's performance reflected a downward trend but the performance is comparable with the percentage of businesses.

Generally, the institution's loan penetration in LMI geographies reflected an upward trend and exceeded both aggregate lenders and the percentage of businesses. Given the unfavorable economic conditions, the bank overall penetration to LMI geographies is excellent.

Geographic Distribution of Small Business Loans Assessment Area: Bay Area AA						
Tract Income Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	9.0	8.7	37	9.0	6,652	7.8
2022	4.8	5.0	12	9.0	3,326	9.0
2023	5.0	--	5	4.2	1,111	3.7
Moderate						
2021	17.3	18.4	76	18.4	17,196	20.2
2022	17.9	19.5	35	26.3	9,438	25.5
2023	18.0	--	33	28.0	7,781	25.8
Middle						
2021	31.7	33.4	183	44.3	37,929	44.6
2022	33.5	35.2	48	36.1	11,243	30.3
2023	30.3	--	47	39.8	12,049	39.9
Upper						
2021	41.3	39.0	115	27.8	22,756	26.8
2022	39.6	37.2	34	25.6	11,260	30.4
2023	40.2	--	32	27.1	8,802	29.1
Not Available						
2021	0.7	0.5	2	0.5	416	0.5
2022	4.1	3.0	4	3.0	1,792	4.8
2023	6.5	--	1	0.8	475	1.6
Totals						
2021	**100.0**	**100.0**	**413**	**100.0**	**84,949**	**100.0**
2022	**100.0**	**100.0**	**133**	**100.0**	**37,059**	**100.0**
2023	**100.0**	**--**	**118**	**100.0**	**30,218**	**100.0**
Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0*						

Home Mortgage

The geographic distribution of home mortgage loans reflects adequate penetration. The bank's lending performance in low-income tracts slightly exceed aggregate lenders in 2021 and 2022; however, in 2023 the institution did not make any loans in low-income geographies. During the evaluation period, the loan penetration in low-income geographies reflected a downward trend.

On the contrary, the loan penetration in moderate-income geographies reflected an upward trend. Furthermore, the loan penetration is below aggregate data in 2021 but comparable with aggregate data

in 2022. In 2023, the bank's performance is nearly identical with the percentage of owner-occupied housing units. Higher interest rates curbed loan demand thus affecting home purchase and refinancing transactions. Economic reports indicated that home prices have yet to rebound from correction since 2022. This further indicates that purchase transactions are slow. Therefore, the bank's overall geographic distribution of home mortgage loan is adequate.

Geographic Distribution of Home Mortgage Loans **Assessment Area: Bay Area AA**						
Tract Income Level	**% of Owner-Occupied Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	3.8	3.8	10	4.1	12,880	5.9
2022	2.8	2.9	6	3.8	2,790	2.2
2023	2.7	--	0	0.0	0	0.0
Moderate						
2021	16.8	15.9	25	10.2	13,545	6.2
2022	18.3	18.7	28	17.6	11,310	8.9
2023	19.7	--	11	19.6	19,245	43.8
Middle						
2021	36.7	37.2	84	34.1	57,140	26.1
2022	39.7	39.1	63	39.6	68,975	54.0
2023	38.6	--	19	33.9	7,325	16.7
Upper						
2021	42.5	43.0	126	51.2	135,290	61.7
2022	38.5	38.6	61	38.4	44,235	34.7
2023	38.0	--	25	44.6	17,035	38.8
Not Available						
2021	0.1	0.2	1	0.4	395	0.2
2022	0.7	0.8	1	0.6	315	0.2
2023	1.0	--	1	1.8	345	0.8
Totals						
2021	**100.0**	**100.0**	**246**	**100.0**	**219,250**	**100.0**
2022	**100.0**	**100.0**	**159**	**100.0**	**127,625**	**100.0**
2023	**100.0**	**--**	**56**	**100.0**	**43,950**	**100.0**

Source: 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Borrower Profile

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

Small Business

The distribution of business customers of different revenue size reflects adequate penetration. The bank's lending performance in 2021 and 2022 trailed aggregate lenders. In 2021, revenue information was not required or collected for SBA PPP loans; therefore, 191 SBA PPP loans were reported without revenue data. A significant number of SBA PPP loans skews the lending performance in 2021. Furthermore, the SBA PPP lending activity was particularly responsive to the credit needs of small businesses during the pandemic. In 2023, the bank's lending performance is also below the percentage of businesses with GARs of $1 million or less. However; during the evaluation period, the loan penetration to small business borrowers reflected an upward trend. The high commercial vacancy rates and lack of foot track affect the recovery of consumer/retail services. Many of these consumer and retail services are small businesses owners. Furthermore, the bank's market share is nominal when compared to the competition in this AA. Considering the bank's performance and these factors, the overall penetration of loans to businesses of different revenue size reflects adequate performance.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Bay Area AA						
Gross Revenue Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2021	88.8	47.4	123	29.8	20,925	24.6
2022	90.0	54.7	58	43.6	15,038	40.6
2023	90.7	--	52	44.1	11,477	38.0
>$1,000,000						
2021	4.3	--	99	24.0	32,397	38.1
2022	3.7	--	66	49.6	18,019	48.6
2023	3.4	--	62	52.5	16,501	54.6
Revenue Not Available						
2021	6.9	--	191	46.2	31,627	37.2
2022	6.3	--	9	6.8	4,002	10.8
2023	5.9	--	4	3.4	2,240	7.4
Totals						
2021	**100.0**	**100.0**	**413**	**100.0**	**84,949**	**100.0**
2022	**100.0**	**100.0**	**133**	**100.0**	**37,059**	**100.0**
2023	**100.0**	**--**	**118**	**100.0**	**30,218**	**100.0**
Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Home Mortgage

The distribution of home mortgage borrowers of different income reflects good penetration. During the evaluation period, the loan penetration to low-income borrowers reflected a bell-curve. The bank's lending performance exceed aggregate lenders in 2021 and 2022. In 2023, the lending performance is below the percentage of low-income families.

Loan penetration to moderate-income borrowers also reflected a bell-curve. Similarly, the lending performance to moderate-income borrowers exceed aggregate lenders in 2021 and 2022. In 2023, the bank's lending performance is 4.3 percent lower compared to the percentage of families. Overall, the institution's loan penetration exceeded aggregate lenders' performance in making loans to LMI borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Bay Area AA						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	23.7	5.2	18	7.3	3,500	1.6
2022	23.1	6.2	20	12.6	3,420	2.7
2023	23.2	--	6	10.7	630	1.4
Moderate						
2021	16.0	12.6	35	14.2	8,055	3.7
2022	16.6	11.8	35	22.0	9,385	7.4
2023	16.8	--	7	12.5	1,395	3.2
Middle						
2021	18.3	20.2	28	11.4	9,180	4.2
2022	19.0	18.1	16	10.1	5,140	4.0
2023	19.2	--	9	16.1	3,355	7.6
Upper						
2021	42.0	51.2	111	45.1	79,915	36.4
2022	41.3	51.8	68	42.8	52,550	41.2
2023	40.8	--	24	42.9	15,460	35.2
Not Available						
2021	0.0	10.8	54	22.0	118,600	54.1
2022	0.0	12.1	20	12.6	57,130	44.8
2023	0.0	--	10	17.9	23,110	52.6
Totals						
2021	**100.0**	**100.0**	**246**	**100.0**	**219,250**	**100.0**
2022	**100.0**	**100.0**	**159**	**100.0**	**127,625**	**100.0**
2023	**100.0**	**--**	**56**	**100.0**	**43,950**	**100.0**
Source: 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Community Development Loans

The institution has made a relatively high level of CD loans. The bank's current CD lending level represents a modest increase by number and dollar volume compared to the previous evaluation, where 24 loans totaling $37.4 million were made in the Bay Area AA. The vast majority of CD loans supported affordable housing and revitalize/stabilization initiatives. Affordable housing was identified as the primary CD need in the AA. The institution was responsive to the designated disaster areas.

Community Development Lending – Bay Area AA										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
2021	5	10,531	7	677	1	1,260	4	6,832	**17**	**19,300**
2022	6	10,366	3	260	0	0	3	6,700	**12**	**17,326**
2023	3	18,281	3	275	1	15	1	2,500	**8**	**21,071**
YTD 2024	0	0	0	0	0	0	0	0	**0**	**0**
Total	**14**	**39,178**	**13**	**1,212**	**2**	**1,275**	**8**	**16,032**	**37**	**57,697**
Source: Bank Data										

The following are examples of CD loans benefitting the AA over the evaluation period:

- In 2021, the institution made a $2.8 million loan that benefited affordable housing initiatives. The purpose of the loan was to refinance a 14-unit apartment building with 80.0 percent of the units leased below fair market rents.

- In 2022, the institution made a $2.3 million loan that benefited affordable housing initiatives. The loan purpose was to finance the acquisition of an eight-unit multifamily property located in an upper-income CT. However, all eight units are leased below fair market rents in San Mateo County.

- In 2021, the institution made a $2.1 million loan that benefited affordable housing initiatives. The purpose of the loan was to refinance a 12-unit apartment building with 100.0 percent of the units leased below fair market rents.

INVESTMENT TEST

The Investment Test performance in the Bay Area AA is excellent. The conclusion is primarily supported by an excellent level of qualified investments and grants, exhibits good responsiveness, and makes significant use of innovative and/or complex investments.

Investment and Grant Activity

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. During the evaluation period, the institution made $25.2 million in new investments, held prior period investments, and provided donations that directly benefitted the AA. The current review period level of CD activity reflected a significant increase compared to the prior evaluation, where the qualified investments and donations totaled $35.8 million.

Qualified Investments – Bay Area AA										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Prior Period	8	15,204	1	2,791	0	0	0	0	**9**	**17,995**
2021	3	6,010	12	16,200	0	0	0	0	**15**	**22,210**
2022	0	0	2	2,515	1	500	0	0	**3**	**3,015**
2023	0	0	0	0	0	0	0	0	**0**	**0**
Subtotal	**11**	**21,214**	**15**	**21,506**	**1**	**500**	**0**	**0**	**27**	**43,220**
Qualified Grants & Donations	9	40	65	276	8	78	3	45	**85**	**439**
Total	**20**	**21,254**	**80**	**21,782**	**9**	**578**	**3**	**45**	**112**	**43,659**
Source: Bank Data										

The following are examples of qualified investments and donations benefitting the AA over the evaluation period:

- In 2021, the institution allocated $2.0 million in new investment in a LIHTC that provides affordable housing for homeless or formerly homeless individuals. This 84-unit property is located in the San Mateo County.

- In 2021, the institution purchased a new $2.0 million affordable housing bond that benefited Santa Clara. The purpose of the bond finances the construction of a multifamily property that provides affordable housing to LMI households or individuals.

- In 2021, the institution purchased a new $3.8 million school bond that benefited the Healdsburg Unified School District. More than 50 percent of the students are on free or reduced price lunch program.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and CD needs. A substantial majority of the investments supported affordable housing initiatives, which is an identified AA need.

Community Development Initiatives

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

SERVICE TEST

The Service Test performance in the Bay Area AA is excellent. The bank's leadership role in providing CD services supports this conclusion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution's AA. Operating 13 branches and 14 ATMs. There are also three LPOs located in Marin, Santa Clara, and Contra Costa counties. There are no branches or ATMs in low-income geographies. Although, there are no branches in low-income CTs, however, one branches located in downtown San Francisco does not have a tract income designation. This branch is located in close proximity to low-income CTs. The bank's branch presence in moderate-income CTs is comparable with the population percentage and the CTs. Branches in LMI geographies represent 23.1 percent of the total branch network in this AA. This percent is reasonable compared to the percentage of LMI CTs and population in the AA. The following table shows the branch and ATM locations within the AA.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	**CTs**		**Population**		**Branches**		**ATMs**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Low	81	6.8	337,979	6.5	0	0.0	0	0.0
Moderate	272	22.9	1,230,290	23.5	3	23.1	3	21.4
Middle	427	35.9	1,946,739	37.2	5	38.5	6	42.9
Upper	377	31.7	1,649,312	31.5	4	30.8	4	28.6
NA	33	2.8	65,136	1.2	1	7.7	1	7.1
Total	**1,190**	**100.0**	**5,229,456**	**100.0**	**13**	**100.0**	**14**	**100.0**
Source: 2020 U.S. Census & Bank Data Due to rounding, totals may not equal 100.0%								

Alternate delivery systems are consistent with the institution overall. Refer to the institution-wide section for details on alternate delivery systems.

Changes in Branch Locations

To the extent changes have been made, the institution's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. During the evaluation period, the institution closed one middle-income branch. Moreover, one branch relocated within the same middle-income CT. Additionally, TCBK relocated a branch in a CT that does not contain any demographic income data. The branch was relocated across the street for bigger space to accommodate more customers. Considering the changes in branch locations, the LMI individuals or geographies were not adversely affected by these changes.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the Bay Area AA, particularly LMI geographies and/or individuals. Products and services in the AA are consistent with the overall conclusion for institution. Most branch offices are open Monday through Friday from 9:00 a.m. to 5:00 p.m. With the exception of one branch, located at 239 Stage

Rd Pescadero, San Francisco, CA, is open from Monday to Thursday from 9:00 a.m. to 4:00 p.m. and Friday from 9:00 a.m. to 6:00 p.m. Additionally, four branches are open on Saturday from 9:00 a.m. to 1:00 p.m. As an additional accessibility service, four branches offer drive-up windows. All branch locations offer ATM services.

Community Development Services

The institution is a leader in providing CD services. During the evaluation period, bank staff provided CD services primarily benefiting community service initiatives. This was identified as a CD need in the AA. Service hours reflected a substantial increase from the prior evaluation of 191 hours.

Community Development Services – Bay Area AA					
Activity Year	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	#	#	#	#
2021	10	88	217	60	**375**
2022	19	195	105	28	**347**
2023	0	63	1	0	**64**
2024	0	37	0	0	**37**
Total	**29**	**383**	**323**	**88**	**823**
Source: Bank Data					

The following are examples of CD services provided by bank employees in the AA over the evaluation period:

- An employee dedicated 88 hours and served on the board of a local organization that provided support for affordable housing services.

- An employee contributed 70 hours and served on a board of an organization that provides financial education services to homeless individuals.

- The institution's CRA Officer dedicated 29 hours to assist 3 organizations with FHLB in the facilitation of AHP and Access to Housing and Economic Assistance for Development grants.

BUTTE ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN BUTTE AA

The AA consists of Butte County, which is comprised of Chico, CA MSA #17020. The institution operates seven branches in the AA. There have been no changes to the AA delineation since the previous evaluation.

Economic and Demographic Data

In 2021, based on the 2015 ACS, the AA consisted of 51 CTs: 2 low-, 14 moderate-, 24 middle-, and 11 upper-income. As of 2023, based on the 2020 U.S. Census, the AA consists of 54 CTs: 4 low-, 12 moderate-, 23 middle-, and 15 upper-income. The following table provides select demographic information for the AA.

Demographic Information of the Assessment Area Assessment Area: Butte AA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (CTs)	54	7.4	22.2	42.6	27.8	0.0
Population by Geography	211,632	8.2	21.7	37.2	32.9	0.0
Housing Units by Geography	93,968	7.3	19.5	43.2	30.1	0.0
Owner-Occupied Units by Geography	49,887	2.8	15.1	46.7	35.4	0.0
Occupied Rental Units by Geography	33,992	13.1	25.4	36.8	24.7	0.0
Vacant Units by Geography	10,089	10.0	20.9	47.2	21.9	0.0
Businesses by Geography	18,339	6.6	20.2	39.2	34.0	0.0
Farms by Geography	1,247	2.4	12.2	41.1	44.3	0.0
Family Distribution by Income Level	50,847	24.9	15.2	18.1	41.8	0.0
Household Distribution by Income Level	83,879	26.9	15.0	14.9	43.1	0.0
Median Family Income MSA - 17020 Chico, CA MSA		$71,089	Median Housing Value			$305,236
			Median Gross Rent			$1,081
			Families Below Poverty Level			10.8%

Source: 2020 U.S. Census and 2023 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

Based on the 2020 U.S. Census Data, 53.1 percent of the housing units are owner-occupied, 36.2 percent are occupied rental units, and 10.7 percent are vacant.

According to the 2023 D&B data, there are 19,586 businesses and farms operating in the AA. Service industries represent the largest portion of businesses at 37.8 percent; followed by non-

classifiable establishments at 15.5 percent; finance, insurance, and real estate at 9.5 percent; and retail trade at 11.9 percent.

Beginning in 2021, the AA, state, and nation unemployment rates reflected a slight upward trend and businesses in the AA struggle to remain profitable. Throughout the evaluation period, the rate of unemployment was relatively consistent, with the exception of 2022. In 2022, the low unemployment rate is attributed to the end of the COVID-19 pandemic. Additionally, the unemployment rate is consistent with the state averages.

Unemployment Rates				
Area	**2021**	**2022**	**2023**	**2024**
	%	**%**	**%**	**%**
Butte County	5.0	4.5	5.6	5.7
State of CA	5.5	4.4	5.1	5.3
National Average	3.9	3.5	3.7	3.9
Source: Bureau of Labor Statistics				

According to Moody's Analytics as of March 2024, the economy is progressing. Monthly payroll gains have outpaced the regional average, pushing jobs closer to the pre-pandemic levels. The healthcare industry has steadily increased jobs while offsetting losses in the public sector. The healthcare industry remains the key job creator, only limited by labor constraints. The healthcare sector offers better paying jobs in the area. The area also contains an elevated elderly population. Goods producers have also rebounded and surpassed pre-pandemic employment levels. The workforce also struggled to recover from the 2018 wildfires. Agriculture faces challenges as lead crops, such as almonds and rice, are water intensive. Recovery from the drought improved water supply and enhanced conditions for farming. Robust almond demand has pushed prices higher but rice prices decreased due to lower-than-expected international interest. Trade disruptions also inflated shipping costs, lowering demand. Farmers in the area face elevated prices for fuel and fertilizer. Household surveys reflected weaker employment and an increase in jobless rates through the past year. Single-family house prices have plateaued followed by a slight uptick in mid-2023. The CA State University of Chico is one of the smallest schools in the CA State University system. However, CA State University of Chico remains the cornerstone of the local economy. The university provides stability to the broader economy. For example, university jobs are a leading source of mid-wage positions that are an added strength to both consumer services and housing. While students are not big spenders, as a group they boost local bars, restaurants, and other consumer services. Most of the college age population is shrinking. Strengths in the area include an older population that supports the healthcare industries. Weaknesses include low educational attainment despite the presence of a university and high employment volatility. The top employers in the area are Enloe Medical Center, Oroville Hospital, CA State University of Chico, Pacific Coast Producers, and Butte-Glenn Community College District.

FFIEC 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.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Chico, CA MSA Median Family Income (17020)				
2023 ($91,600)	<$45,800	$45,800 to <$73,280	$73,280 to <$109,920	≥$109,920
Source: FFIEC				

Competition

The AA has a high level of competition for financial services. According to the June 30, 2023 FDIC Deposit Market Share Report, 17 FDIC-insured financial institutions share $6.4 billion in total deposits in the AA. Of these institutions, TCBK ranks 1st in deposit market share, holding 21.4 percent of the AA's deposits.

Community Contact

Examiners conducted a community contact with an organization that serves the AA. The contact noted that housing prices still remain high as the recent fire damaged real estate and the economics of the area. The contact noted that the area has a significant homeless population which worsened due to the catastrophic fires. According to the contact, there is also an opportunity for institutions to provide financial education courses to LMI homebuyers and technical support for small businesses.

Credit and Community Development Needs and Opportunities

Based on demographic and economic information, discussions with bank management, and the community contact interview, the primary credit and CD needs in the AA are affordable housing, community services, economic development, and revitalize/stabilization initiatives.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE BUTTE AA

LENDING TEST

Lending Test performance in the Butte AA demonstrates good performance. This conclusion is supported by good lending levels, adequate geographic distribution, good borrower profile, and an excellent level of CD loans.

Lending Activity

The institution's lending levels reflect good responsiveness to AA credit needs. Compared to the prior evaluation, the level of lending activity increased in small business and home mortgages but not small farm loans.

During the evaluation period, the institution reported 549 small business loans totaling $87.1 million in the AA. This represents an increase in volume from the previous evaluation, where the bank reported 372 small business loans totaling $60.3 million. In 2022, the institution ranked 10th out of 72 reporting lenders, with 2.6 percent of the market share by number of small business loans originated or purchased in the AA.

Moreover, the bank reported 92 small farm loans totaling $12.9 million in the AA. This performance did not reflect an improvement compared to the previous evaluation, where the bank reported 78 small farm loans totaling $12.6 million in the AA. In 2022, the bank ranked 4th out of 13 reporting lenders, with 12.7 percent of the market share by number of small farm loans originated or purchased in the AA.

The small business and small farm lending competition is high given that TCBK competes with large national lenders such as JP Morgan Chase National Bank NA, American Express NA, Citibank NA, US Bank NA, and Bank of America NA.

The institution also reported 858 home mortgage loans totaling $233.1 million in the AA. This represents a significant increase from the previous evaluation, where the bank reported 783 home mortgage loans totaling $184.1 million. In 2022, the institution ranked 2nd out of 348 reporting lenders, with 5.8 percent of the market share by number of home mortgage loans originated or purchased in the AA. It is important to note that mortgage lending competition in the AA is high, given that the bank competes with several mortgage companies such as Change Lending LLC, Rocket Mortgage, Fairway Independent Mortgage Corporation, and Caliber Home Loans, Incorporated, and United Wholesale Mortgage.

Although the institution is not a market leader, it consistently compared favorably to other similarly situated institutions during this evaluation period. Small business and small farm rankings fell slightly, but home mortgage ranking improved. Therefore, the lending activity reflect good responsiveness.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the AA. This conclusion is supported by good penetration in small business lending and adequate penetration in home mortgage lending. Small farm lending reflects poor penetration.

Small Business

The geographic distribution of small business loans reflects good penetration. In both LMI geographies, the bank exceeded aggregate lenders in 2021 and 2022. The lending performance in 2023, exceed the percentage of businesses. The institution's overall penetration to LMI geographies is good.

Geographic Distribution of Small Business Loans Assessment Area: Butte AA						
Tract Income Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	1.5	1.1	7	2.2	848	2.1
2022	6.5	5.0	12	10.2	1,124	4.4
2023	6.6	--	9	7.8	1,652	7.8
Moderate						
2021	27.4	25.6	99	31.3	10,702	26.5
2022	20.4	19.7	24	20.3	3,562	13.9
2023	20.2	--	29	25.2	5,083	24.1
Middle						
2021	43.6	39.6	113	35.8	13,295	32.9
2022	39.0	36.6	33	28.0	7,655	29.9
2023	39.2	--	31	27.0	4,024	19.1
Upper						
2021	27.4	33.7	97	30.7	15,520	38.4
2022	34.1	38.7	49	41.5	13,267	51.8
2023	34.0	--	46	40.0	10,333	49.0
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**316**	**100.0**	**40,365**	**100.0**
2022	**100.0**	**100.0**	**118**	**100.0**	**25,608**	**100.0**
2023	**100.0**	**--**	**115**	**100.0**	**21,092**	**100.0**
Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Small Farm

The geographic distribution of small farm loans reflects poor penetration. The institution did not make any small farm loans in low-income CTs; however, there are limited opportunities to lend in low-incomes tracts. For example, there are only two low-income CTs throughout the whole AA.

The bank's lending in moderate-income geographies was below aggregate lenders in 2021. Moreover, in 2022 and 2023, the institution did not make any small farm loans in moderate-income

CTs. Therefore, the geographic distribution of small farm loans reflects poor penetration throughout the AA.

Geographic Distribution of Small Farm Loans Assessment Area: Butte AA						
Tract Income Level	**% of Farms**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	0.8	0.9	0	0.0	0	0.0
2022	2.5	1.7	0	0.0	0	0.0
2023	2.4	--	0	0.0	0	0.0
Moderate						
2021	17.9	18.4	7	14.3	1,618	27.1
2022	12.2	9.1	0	0.0	0	0.0
2023	12.2	--	0	0.0	0	0.0
Middle						
2021	40.3	47.6	13	26.5	1,514	25.4
2022	41.4	49.4	12	52.2	2,326	79.3
2023	41.1	--	12	60.0	2,648	66.6
Upper						
2021	40.9	33.0	29	59.2	2,829	47.5
2022	43.8	39.8	11	47.8	607	20.7
2023	44.3	--	8	40.0	1,329	33.4
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**49**	**100.0**	**5,961**	**100.0**
2022	**100.0**	**100.0**	**23**	**100.0**	**2,933**	**100.0**
2023	**100.0**	**--**	**20**	**100.0**	**3,977**	**100.0**
Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Home Mortgage

The geographic distribution of home mortgage loans reflects adequate penetration. In 2021 and 2022, lending to low-income tracts was slightly above aggregate lenders. In 2023, the lending also slightly exceeds the percentage of owner-occupied housing units.

In 2021 and 2022, lending in moderate-income tracts performed slightly below aggregate lenders. In 2023, lending to moderate-income geographies reflected a slight decline and fell below the percentage of owner-occupied housing units. The community contact indicated that, housing prices remain high due to the catastrophic fire that affected the housing stock; primarily single-family residences. The construction of new homes has been slow due to rising costs. Furthermore, the recent rise of interest rates over the past year decreased loan demand. Given these factors, the geographic distribution of home mortgage loans reflects adequate penetration throughout the AA.

Geographic Distribution of Home Mortgage Loans **Assessment Area: Butte AA**						
Tract Income Level	**% of Owner-Occupied Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	0.9	1.5	10	2.5	6,820	5.5
2022	2.8	3.7	12	4.0	4,420	5.5
2023	2.8	--	5	3.3	995	3.5
Moderate						
2021	20.3	17.7	43	10.6	12,115	9.8
2022	15.1	16.7	40	13.3	19,670	24.3
2023	15.1	--	18	11.8	3,300	11.6
Middle						
2021	51.6	42.2	152	37.4	42,290	34.2
2022	46.7	42.1	78	26.0	19,810	24.5
2023	46.7	--	48	31.6	7,290	25.7
Upper						
2021	27.2	38.7	201	49.5	62,495	50.5
2022	35.4	37.6	170	56.7	37,020	45.7
2023	35.4	--	81	53.3	16,835	59.2
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**406**	**100.0**	**123,720**	**100.0**
2022	**100.0**	**100.0**	**300**	**100.0**	**80,920**	**100.0**
2023	**100.0**	**--**	**152**	**100.0**	**28,420**	**100.0**
Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Borrower Profile

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

Small Business

The distribution of borrowers reflects adequate penetration to businesses with GARs of $1.0 million or less. In 2021, revenue information was not required or collected SBA PPP loans; therefore, 118 SBA PPP loans were reported without revenue data. A significant number of SBA PPP loans skews the lending performance in 2021. Furthermore, the SBA PPP lending activity was particularly responsive to the credit needs of small businesses during the pandemic. In 2022, lending performance increased but remained below the aggregate lenders. Given that loan demand decreased due to the expiration of the SBA PPP, the loan penetration continued to reflect an upward trend in 2023 and throughout the evaluation period. Considering this performance context, the loan penetration to small businesses is adequate.

Distribution of Small Business Loans by Gross Annual Revenue Category **Assessment Area: Butte AA**						
Gross Revenue Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2021	87.2	49.8	119	37.7	10,538	26.1
2022	88.0	57.5	52	44.1	6,153	24.0
2023	88.6	--	61	53.0	5,980	28.4
>$1,000,000						
2021	3.8	--	79	25.0	18,596	46.1
2022	3.4	--	63	53.4	18,145	70.9
2023	3.1	--	52	45.2	14,804	70.2
Revenue Not Available						
2021	9.1	--	118	37.3	11,231	27.8
2022	8.6	--	3	2.5	1,310	5.1
2023	8.2	--	2	1.7	308	1.5
Totals						
2021	**100.0**	**100.0**	**316**	**100.0**	**40,365**	**100.0**
2022	**100.0**	**100.0**	**118**	**100.0**	**25,608**	**100.0**
2023	**100.0**	**--**	**115**	**100.0**	**21,092**	**100.0**
Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Small Farm

Overall, the bank's distribution of small farm loans reflects an excellent penetration. In 2021 and 2022, loan penetration to small farms outperformed aggregate lenders. In 2023, the bank's performance reflects a decreasing trend and is below the percentage of farms. Overall, the performance is excellent.

Distribution of Small Farm Loans by Gross Annual Revenue Category **Assessment Area: Butte AA**						
Gross Revenue Level	**% of Farms**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2021	94.6	57.5	30	61.2	4,080	68.4
2022	95.0	65.3	22	95.7	2,913	99.3
2023	95.5	--	14	70.0	2,691	67.7
>$1,000,000						
2021	4.3	--	5	10.2	905	15.2
2022	3.9	--	1	4.3	20	0.7
2023	3.4	--	5	25.0	1,036	26.1
Revenue Not Available						
2021	1.1	--	14	28.6	976	16.4
2022	1.1	--	0	0.0	0	0.0
2023	1.0	--	1	5.0	250	6.3
Totals						
2021	**100.0**	**100.0**	**49**	**100.0**	**5,961**	**100.0**
2022	**100.0**	**100.0**	**23**	**100.0**	**2,933**	**100.0**
2023	**100.0**	**--**	**20**	**100.0**	**3,977**	**100.0**
Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Home Mortgage

The distribution of home mortgage borrowers of different income reflects good penetration. In 2021 and 2022, loan penetration to low-income borrowers exceeded aggregate lenders. In 2023, the loan penetration, continued to reflect a slight upward trend but compares unfavorably to the percentage of families.

In 2021 loan penetration to moderate-income borrowers was similar to aggregate lenders and in 2022 was slightly below aggregate lenders but showed an upward trend compared to 2021. In 2023, the lending to moderate-income borrowers exceeded the percentage of families. Overall, the

distribution of home mortgage loans reflects good penetration among retail customers of different income levels.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Butte AA						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	22.9	3.1	24	5.9	2,270	1.8
2022	24.9	6.7	31	10.3	3,335	4.1
2023	24.9	--	19	12.5	1,555	5.5
Moderate						
2021	16.7	11.7	48	11.8	6,810	5.5
2022	15.2	17.0	45	15.0	5,625	7.0
2023	15.2	--	28	18.4	3,550	12.5
Middle						
2021	19.0	20.9	78	19.2	12,190	9.9
2022	18.1	24.5	73	24.3	10,195	12.6
2023	18.1	--	33	21.7	4,755	16.7
Upper						
2021	41.4	49.2	171	42.1	38,735	31.3
2022	41.8	38.3	133	44.3	33,135	40.9
2023	41.8	--	62	40.8	14,290	50.3
Not Available						
2021	0.0	15.1	85	20.9	63,715	51.5
2022	0.0	13.5	18	6.0	28,630	35.4
2023	0.0	--	10	6.6	4,270	15.0
Totals						
2021	**100.0**	**100.0**	**406**	**100.0**	**123,720**	**100.0**
2022	**100.0**	**100.0**	**300**	**100.0**	**80,920**	**100.0**
2023	**100.0**	**--**	**152**	**100.0**	**28,420**	**100.0**
Source: 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%.*						

Community Development Loans

The institution is a leader in making CD loans in the AA. The bank's CD lending level for the review period represents a significant increase by number and dollar volume compared to the previous evaluation where the bank made 15 loans totaling $67.7 million. A vast majority of the

CD loans supported affordable housing, revitalize/stabilization, and community services initiatives. As indicated in the performance context and community contact, these initiatives are particularly critical needs of the AA.

Community Development Lending – Butte AA										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
2021	2	18,775	3	5,397	0	0	1	2,500	**6**	**26,672**
2022	2	13,865	4	680	0	0	2	8,327	**8**	**22,872**
2023	2	13,552	7	748	0	0	1	25	**10**	**14,325**
YTD 2024	1	20,000	1	20	0	0	0	0	**2**	**20,020**
Total	**7**	**66,192**	**15**	**6,845**	**0**	**0**	**4**	**10,852**	**26**	**83,889**
Source: Bank Data										

The following are examples of CD loans benefitting the AA over the evaluation period:

- In 2021, the institution originated a $17.5 million loan to help finance the construction of a 60-unit complex with LIHTC that will provide affordable housing specifically designated for LMI individuals aged 55 and above.

- In 2022, the institution originated a $7.6 million loan to an organization to convert a facility to a 117 multifamily unit property where majority of the rent is below fair market prices. This loan is also responsive to the revitalization needs of the area as it assists with the area's wildfires recovery efforts.

- In 2023, the bank supported affordable housing initiatives by originating a $13.6 million loan to help finance a multifamily project that will create 47-units of housing for LMI families and individuals.

INVESTMENT TEST

TCB demonstrates an excellent performance under the Investment Test in the Butte AA. The conclusion is primarily supported by an excellent level of qualified investments and grants, exhibits good responsiveness, and makes significant use of innovative and/or complex investments.

Investment and Grant Activity

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. TCBK's level of qualified investments activity for the review period increased significantly compared to the prior evaluation, where the institution made a total of $9.2 million in qualified investments and donations.

Qualified Investments – Butte AA										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Prior Period	0	0	0	0	0	0	0	0	**0**	**0**
2021	3	7,000	1	500	0	0	8	5,356	**12**	**12,856**
2022	2	7,000	0	0	0	0	2	2,197	**4**	**9,197**
2023	0	0	0	0	0	0	0	0	**0**	**0**
Subtotal	**5**	**14,000**	**1**	**500**	**0**	**0**	**10**	**7,553**	**16**	**22,053**
Qualified Grants & Donations	5	17	32	238	8	56	6	128	**51**	**439**
Total	**10**	**14,017**	**33**	**738**	**8**	**56**	**16**	**7,681**	**67**	**22,492**
Source: Bank Data										

The following are examples of qualified investments and donations benefitting the AA over the evaluation period:

- In 2021, the institution donated $100,000 to a non-profit organization that assist LMI, disadvantaged individuals, and wildfire survivors.
- In 2021, the institution invested $2.9 million in a unified school district to assist with wildfire recovery.
- In 2022, the institution invested in a $5.0 million LIHTC investment for an affordable housing project that will provide 47 units of housing targeted to LMI renters.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and CD needs. A substantial majority of the investments supported affordable housing initiatives, which is an identified AA need. In addition, the institution made investments benefiting revitalize/stabilization initiatives in the AA mainly during the pandemic to address the need of the community

Community Development Initiatives

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

SERVICE TEST

The Service Test performance in the Butte AA is excellent. The leadership role in providing CD services and good accessibility to retail banking services support this conclusion.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the institution's AA. The institution operates 7 branches, 12 ATMs, and no LPOs in this AA. The percentages of branches located in low-income CT exceed demographic data. The branch distribution in moderate-income tracts, is below the demographic comparators. The branches in LMI geographies represent 28.6 percent of total branches in this AA. This percent is comparable to the percentage of LMI CTs and population in the AA. The following table shows the branch and ATM locations within the AA.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	**CTs**		**Population**		**Branches**		**ATMs**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Low	4	7.4	17,330	8.2	1	14.3	2	16.7
Moderate	12	22.2	45,944	21.7	1	14.3	1	8.3
Middle	23	42.6	78,796	37.2	3	42.9	5	41.7
Upper	15	27.8	69,562	32.9	2	28.6	4	25
NA	0	0	0	0	0	2	0	0
Total	**54**	**100**	**211,632**	**100**	**7**	**100**	**12**	**100**
Source: 2020 U.S. Census & Bank Data *Due to rounding, totals may not equal 100.0%*								

Alternate delivery systems are consistent with the institution overall. Refer to the institution-wide section for details on alternate delivery systems.

Changes in Branch Locations

To the extent changes have been made, the institution's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. During the review period, the institution did not open, close, or relocate any branches in the AA.

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/or individuals. This is consistent with the overall conclusion for the institution. Products and services in the AA are consistent with the institution overall. Most branch offices are open Monday through Friday from 9:00 a.m. to 5:00 p.m. With the exception of the Chico Esplanade branch, which is open Monday through Saturday from 10:00 a.m. to 6:00 p.m. Additionally, two branches are open on Saturday from 9:00 a.m. to 1:00 p.m. As an additional accessibility service, five branches offer drive-up windows. All branch locations offer ATM services.

Community Development Services

The institution is a leader in providing CD services. During the evaluation period, TCBK's qualified CD services increased substantially compared to the prior evaluation, where employees provided a total of 1,190 services hours. The majority of services provided by the bank targeted community services, reflecting responsiveness to address CD needs followed by services for affordable housing and economic development initiatives.

Community Development Services - Butte					
Activity Year	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	#	#	#	#
2021	27	695	13	0	**735**
2022	50	354	37	0	**440**
2023	224	536	23	0	**783**
2024	111	289	6	0	**405**
Total	**412**	**1,873**	**78**	**0**	**2,363**
Source: Bank Data					

The following are examples of CD services provided by bank employees in the AA over the evaluation period:

- In 2021, bank employees provided 316 hours of service by teaching financial education classes, resume building, and review for LMI and homeless individuals.
- In 2022, bank employees provided a total of 62 hours of board service to a non-profit agency that supports low-income children and their families with the provision of comprehensive education, scholarship applications, and employment opportunities.
- In 2023, a board member provided 39 hours of board service to an organization that provides services and support for LMI and at-risk individuals.

RURAL NORTHERN CA AND NORTH COAST AA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE RURAL NORTHERN CA AND NORTH COAST AA

The Rural Northern CA and North Coast AA is comprised of the counties of Colusa, Del Norte, Glenn, Humboldt, Lake, Mendocino, Siskiyou, and Trinity. The institution operates 15 branches throughout the AA. There were no changes to the delineated AA during the evaluation period.

Economic and Demographic Data

In 2021, based on the 2015 ACS, the AA consists of 114 CTs: 4 low-, 35 moderate-, 59 middle-, 13 upper-income, and 3 CTs without an income designation. As of 2023, based on the 2020 U.S. Census, the AA consisted of 124 CTs: 2 low-, 37 moderate-, 65 middle-, 17 upper-income, and 3 CTs without an income designation. Additionally, this AA accounts for a significant portion of distressed and underserved middle-income tracts. There are six distressed and underserved tracts in Colusa, four in Del Norte, and seven in Siskiyou counties. The following table provides select demographic, housing, and business information of the AA.

Demographic Information of the Assessment Area Assessment Area: Rural Northern CA and North Coast AA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (CTs)	124	1.6	29.8	52.4	13.7	2.4
Population by Geography	434,914	1.7	31.9	53.0	13.3	0.0
Housing Units by Geography	202,138	1.6	33.1	52.3	13.0	0.0
Owner-Occupied Units by Geography	102,675	0.9	28.4	54.8	15.9	0.0
Occupied Rental Units by Geography	63,558	2.9	36.7	51.9	8.5	0.0
Vacant Units by Geography	35,905	1.0	40.2	45.9	13.0	0.0
Businesses by Geography	35,180	2.5	33.1	53.6	10.8	0.0
Farms by Geography	3,494	1.3	26.3	60.8	11.6	0.0
Family Distribution by Income Level	98,545	24.3	19.0	19.4	37.3	0.0
Household Distribution by Income Level	166,233	27.7	16.8	17.1	38.3	0.0
Median Family Income Non-MSAs - CA		$70,728	Median Housing Value			$302,502
			Median Gross Rent			$1,010
			Families Below Poverty Level			11.5%

Source: 2020 U.S. Census and 2023 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

Based on the 2020 U.S. Census Data, there are 51.0 percent of the housing units are owner-occupied, 31.0 percent are occupied rental units, and 18.0 percent are vacant.

The 2023 D&B data indicated that there are 38,674 businesses and farms operating in the AA. Service industries represent the largest portion of businesses at 34.8 percent; followed by non-classifiable establishments at 16 percent; retail trade at 11.8 percent; and construction at 7.8 percent.

The unemployment rate is notably higher in Colusa County in part due to the devastating wildfires and environmental events. Compared to the prior examination, the unemployment rate has reflected some improvement. The unemployment rate in all other counties is inconsistent and in some of the

counties it is below and in other counties it is above the state's averages. Refer to the table below for further detail.

Unemployment Rates				
Area	**2021**	**2022**	**2023**	**2024**
	%	**%**	**%**	**%**
Glenn County	5.5	5.8	6.8	6.8
Colusa County	12.5	14.9	15.9	15.4
Lassen County	4.8	5.1	5.5	6.1
Siskiyou County	6.9	6.2	7.4	6.7
Trinity County	5.1	5.3	5.9	6.5
Del Norte County	5.4	5.3	6.5	5.8
Humboldt County	4.4	3.8	5.0	4.9
Lake County	6.0	5.6	6.7	6.0
Mendocino County	4.7	4.5	5.3	5.0
State of CA	5.5	4.4	5.1	5.3
National Average	3.9	3.5	3.7	3.9
Source: Bureau of Labor Statistics				

According to the March 2024 Public Policy Institute of CA report, housing costs are lower for rural Californians. As a result, residents in the area are likely to own their homes or spend a lower share of their income on rent. However, economic conditions tend to be worse for individuals that live in these remote rural areas compared to those living near metropolitan areas. For example, the high unemployment rate is a result of an older age profile of the rural residents. Wages and income tend to be much lower. Furthermore, rural counties have been losing population well before the statewide population declined. The rate of population loss in rural counties is twice that of urban counties. Lassen has lost the most declining nearly by 21.0 percent since the population peaked in 2007. The main source of population loss is due to a large elderly population. A secondary source of population loss is domestic migration, as young adults tend to move to urban areas for educational and job opportunities. Additionally, a significant number of rural hospitals have experienced severe fiscal distress and some have closed. Access to healthcare for rural residents is limited due to the lack of providers. The area is also dependent on cars and for older residents the lack of public transportation can be a challenge to access essential services. Students in these rural areas experience numerous challenges, such as absenteeism, homelessness, and distance barriers for access to higher education opportunities.

The FFIEC's annual estimates of median family incomes are shown in the table below. Estimates include the non-MSA areas.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
CA NA Median Family Income (99999)				
2023 ($83,800)	<$41,900	$41,900 to <$67,040	$67,040 to <$100,560	≥$100,560
Source: FFIEC				

Competition

The AA has a moderate level of competition for financial services. According to the June 30, 2023 FDIC Deposit Market Share Report, 22 FDIC-insured financial institutions share $10 billion in total deposits in the AA. Of these institutions, TCBK ranks 1st in deposit market share, holding 13.3 percent of the AA's deposits.

Community Contact

Examiners reviewed information from a recent community contact with an organization that serves Lake, Mendocino, and Humboldt counties. The contact noted that small businesses in the area struggle to obtain loans, including loans under SBA programs with sound business plans. The contact emphasized a disparate treatment between large and small businesses, where larger businesses often find it easier to obtain loans. There is also a need for affordable housing, as individuals continue to be priced out of the area. The need for affordable housing is exacerbated by the aftermath of the recent wildfires in the area.

Credit and Community Development Needs and Opportunities

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

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

LENDING TEST

Lending Test performance in the Rural Northern CA and North Coast AA demonstrates a good performance. This conclusion is supported by good lending levels, adequate geographic distribution, good borrower profile, and an excellent level of CD loans.

Lending Activity

The institution's lending levels reflect good responsiveness to AA credit needs. Compared to the prior evaluation, the level of lending activity increased across the small business, small farm, and home mortgage products.

During the evaluation period, the institution reported 538 small business loans totaling $69.9 million in the AA. This represents a substantial increase from the previous evaluation, where the bank reported 290 small business loans totaling $39.1 million. In 2022, the institution ranked 10th out of 95 reporting lenders, with 2.0 percent of the market share by number of small business loans originated or purchased in the AA.

The bank reported 171 small farm loans totaling $25.0 million in the AA. This represents a slight increase compared to the prior examination where the bank originated 166 small farm loans totaling $23.0 million in the AA. In 2022, the institution ranked 4th out of 18 lenders with 9.9 percent of the market share by number of small farm loans originated or purchased in the AA.

The small business and small farm lending competition is low; however, the bank competes with several large national lenders that operate in the market, such as JP Morgan Chase NA, American Express NA, US Bank NA, Citibank NA, and Capital One NA.

The institution reported 943 home mortgage loans totaling $173.8 million in the AA. This represents a substantial increase compared to the prior evaluation, where the bank reported 782 home mortgage loans totaling $124.2 million. In 2022, the institution ranked 4th out of 461 reporting lenders, with 3.6 percent of the market share by number of home mortgage loans originated or purchased in the AA. It is important to note that the institution competes with several large mortgage companies, such as Rocket Mortgage, United Wholesale Mortgage, Redwood Credit Union, and Caliber Home Loans.

Although the institution is not a market leader, it consistently compared favorably to other similarly situated institutions during this evaluation period. Small business and home mortgage ranking improved, however small farm ranking reflected a decline compared to the last evaluation. Therefore, the lending activity reflect good responsiveness.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the AA. This conclusion is supported by adequate performance in both small business and small farm lending, and good performance in home mortgage lending.

Small Business

The geographic distribution of small business loans reflects adequate penetration. In 2021 and 2022 loan penetration in low-income tracts fell below aggregate lenders. While in 2023, the loan penetration was comparable to the percentage of businesses.

In 2021, loan penetration in moderate-income tracts is below aggregate lenders. In 2022, the loan penetration improved and exceeded aggregate lenders. In 2023, the lending performance is slightly below with the percent of businesses.

The community contact indicated that small businesses in the area struggle to obtain credit through the SBA loan program, even with a sound business plan. Additionally, the economy is affected by population loss as people migrated to urban areas for job opportunities. Overall, the geographic distribution of small business loans reflects adequate penetration throughout the AA. Considering that there are only four low-income CTs based on the 2015 ACS data and only two low-income CTs based on the 2020 U.S. Census data within the AA thus, opportunities to penetrate these geographies is limited. Given these factors, the bank's performance is adequate.

Geographic Distribution of Small Business Loans						
Assessment Area: Rural Northern CA and North Coast AA						
Tract Income Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	3.4	4.1	7	2.5	1,115	3.3
2022	2.6	2.1	2	1.4	30	0.1
2023	2.5	--	3	2.7	30	0.2
Moderate						
2021	29.7	26.5	64	22.9	7,840	23.0
2022	33.2	30.5	47	32.4	7,920	36.2
2023	33.1	--	33	29.2	3,401	24.6
Middle						
2021	54.8	58.5	182	65.0	22,489	65.8
2022	53.6	56.3	85	58.6	13,537	61.9
2023	53.6	--	64	56.6	9,576	69.2
Upper						
2021	12.0	10.8	27	9.6	2,708	7.9
2022	10.6	11.0	11	7.6	382	1.7
2023	10.8	--	13	11.5	830	6.0
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**280**	**100.0**	**34,152**	**100.0**
2022	**100.0**	**100.0**	**145**	**100.0**	**21,869**	**100.0**
2023	**100.0**	**--**	**113**	**100.0**	**13,837**	**100.0**
Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Small Farm

The geographic distribution of small farm loans reflects adequate penetration. During the review period, the institution made no small farm loans in low-income tracts; however, opportunities are limited as evidence from aggregate reporting and the percentage of farms. Furthermore, in 2021 and 2022 the loan penetration in moderate-income geographies are below aggregate lenders. In 2023, the lending performance is below the percentage of farms. Despite the low output, the bank's

performance reflects adequate performance due to the limited opportunity for lending in low-income CTs. The institution primarily operates in middle-income CTs; the vast majority of farmland is located in middle-income CTs. Considering these factors, the bank performance is adequate.

Geographic Distribution of Small Farm Loans						
Assessment Area: Rural Northern CA and North Coast AA						
Tract Income Level	**% of Farms**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	0.9	0.2	0	0.0	0	0.0
2022	1.1	0.0	0	0.0	0	0.0
2023	1.3	--	0	0.0	0	0.0
Moderate						
2021	25.7	16.5	6	7.2	611	6.2
2022	25.4	21.8	0	0.0	0	0.0
2023	26.3	--	1	2.6	50	0.7
Middle						
2021	63.7	76.1	77	92.8	9,260	93.8
2022	61.4	64.6	39	79.6	6,264	76.4
2023	60.8	--	23	59.0	3,442	49.8
Upper						
2021	9.7	7.2	0	0.0	0	0.0
2022	12.1	13.5	10	20.4	1,934	23.6
2023	11.6	--	15	38.5	3,420	49.5
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**83**	**100.0**	**9,871**	**100.0**
2022	**100.0**	**100.0**	**49**	**100.0**	**8,198**	**100.0**
2023	**100.0**	**--**	**39**	**100.0**	**6,912**	**100.0**
Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Home Mortgage

The geographic distribution of home mortgage loans reflects good penetration. In 2021 and 2022, loan penetration in low-income CTs was slightly above aggregate lenders. In 2023, the loan penetration in low-income CTs also remained slightly above the percentage of owned occupied housing units.

In 2021, loan penetration in moderate-income geographies was comparable with aggregate lenders while in 2022, the loan penetration exceeded the aggregate lenders. Moreover, in 2023 loan penetration exceeded the percentage of owner-occupied housing units. Overall, TCBK's loan penetration in LMI geographies slightly exceeded aggregate lenders as well as the percentage of owner-occupied housing units. Considering these factors the geographic distribution of home mortgage reflects good penetration.

Geographic Distribution of Home Mortgage Loans Assessment Area: Rural Northern CA and North Coast AA						
Tract Income Level	**% of Owner-Occupied Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	2.6	2.8	15	3.4	2,425	2.5
2022	0.9	1.2	5	1.7	705	1.4
2023	0.9	--	3	1.5	1,385	4.8
Moderate						
2021	24.6	21.3	94	21.1	14,350	15.0
2022	28.4	26.3	94	31.0	13,750	27.9
2023	28.4	--	61	31.4	8,855	30.4
Middle						
2021	58.8	60.7	297	66.6	71,445	74.9
2022	54.8	54.9	180	59.4	30,250	61.3
2023	54.8	--	112	57.7	16,990	58.3
Upper						
2021	14.0	15.3	40	9.0	7,140	7.5
2022	15.9	17.6	24	7.9	4,610	9.3
2023	15.9	--	18	9.3	1,910	6.6
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**446**	**100.0**	**95,360**	**100.0**
2022	**100.0**	**100.0**	**303**	**100.0**	**49,315**	**100.0**
2023	**100.0**	**--**	**194**	**100.0**	**29,140**	**100.0**
Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Borrower Profile

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

Small Business

The distribution of borrowers reflects adequate penetration to businesses with GARs of $1.0 million or less. In 2021 and 2022, loan penetration to small businesses was slightly below the aggregate lenders. In 2021 the loan penetration is skewed due to the volume of the SBA PPP lending activity. As a result, 92 SBA PPP loans reported did not contain revenue data; however, the SBA PPP lending was responsive to the credit needs of small businesses during the pandemic. In 2023, loan penetration is significantly below the percentages of businesses but showed an upward trend. Considering performance context for this AA, the small business loan penetration across the three-year period is adequate.

Distribution of Small Business Loans by Gross Annual Revenue Category **Assessment Area: Rural Northern CA and North Coast AA**						
Gross Revenue Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2021	84.4	46.2	119	42.5	8,917	26.1
2022	85.5	55.2	73	50.3	7,195	32.9
2023	86.3	--	63	55.8	2,309	16.7
>$1,000,000						
2021	4.1	--	69	24.6	20,068	58.8
2022	3.7	--	67	46.2	14,266	65.2
2023	3.4	--	48	42.5	11,245	81.3
Revenue Not Available						
2021	11.4	--	92	32.9	5,167	15.1
2022	10.8	--	5	3.4	408	1.9
2023	10.2	--	2	1.8	283	2.0
Totals						
2021	**100.0**	**100.0**	**280**	**100.0**	**34,152**	**100.0**
2022	**100.0**	**100.0**	**145**	**100.0**	**21,869**	**100.0**
2023	**100.0**	**--**	**113**	**100.0**	**13,837**	**100.0**
Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Small Farm

The distribution of loans to small farms reflects excellent penetration among farms of different revenue sizes. In 2021 and 2022, the institution's loan penetration significantly exceeded aggregate lenders by over 10.0 and 15.0 percent, respectively. Furthermore, in 2023 the bank maintained a similar penetration level although the performance was below the percentage of farms.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Assessment Area: Rural Northern CA and North Coast AA						
Gross Revenue Level	**% of Farms**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2021	95.7	59.2	58	69.9	7,145	72.4
2022	96.3	62.2	38	77.6	5,763	70.3
2023	96.6	--	29	74.4	5,195	75.2
>$1,000,000						
2021	2.7	--	11	13.3	1,797	18.2
2022	2.3	--	9	18.4	2,160	26.3
2023	2.1	--	7	17.9	1,096	15.9
Revenue Not Available						
2021	1.5	--	14	16.9	929	9.4
2022	1.4	--	2	4.1	275	3.4
2023	1.3	--	3	7.7	621	9.0
Totals						
2021	**100.0**	**100.0**	**83**	**100.0**	**9,871**	**100.0**
2022	**100.0**	**100.0**	**49**	**100.0**	**8,198**	**100.0**
2023	**100.0**	**--**	**39**	**100.0**	**6,912**	**100.0**
Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Home Mortgage

The distribution of borrowers reflects excellent penetration. In 2021 and 2022, loan penetration exceeds aggregate lenders for both LMI borrowers. Furthermore, in low-income tracts, the bank's loan penetration more than doubled the aggregate lenders percentages. In 2023, the low-income lending penetration percentage was below the percentage of families; however, the moderate-income lending penetration exceeded the percentage of families. Overall, the distribution of home mortgage loans reflects excellent penetration among retail customers of different income levels.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Rural Northern CA and North Coast AA						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	24.9	4.0	36	8.1	3,670	3.8
2022	24.3	6.1	38	12.5	3,650	7.4
2023	24.3	--	21	10.8	1,725	5.9
Moderate						
2021	19.0	13.3	87	19.5	11,425	12.0
2022	19.0	16.6	56	18.5	6,670	13.5
2023	19.0	--	46	23.7	5,340	18.3
Middle						
2021	19.5	22.0	107	24.0	16,155	16.9
2022	19.4	23.5	77	25.4	11,005	22.3
2023	19.4	--	39	20.1	4,655	16.0
Upper						
2021	36.6	44.4	159	35.7	29,475	30.9
2022	37.3	40.8	112	37.0	23,400	47.5
2023	37.3	--	76	39.2	12,470	42.8
Not Available						
2021	0.0	16.3	57	12.8	34,635	36.3
2022	0.0	13.1	20	6.6	4,590	9.3
2023	0.0	--	12	6.2	4,950	17.0
Totals						
2021	**100.0**	**100.0**	**446**	**100.0**	**95,360**	**100.0**
2022	**100.0**	**100.0**	**303**	**100.0**	**49,315**	**100.0**
2023	**100.0**	**--**	**194**	**100.0**	**29,140**	**100.0**
Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Community Development Loans

The institution is a leader in making CD loans. The bank's CD lending represents a significant increase in both by number and dollar volume compared to the last evaluation, where the bank made 13 CD loans totaling $12.7 million. The vast majority of CD loans supported revitalize/stabilization initiatives, affordable housing, and economic development, which were identified as CD needs in the AA.

Community Development Lending – Rural Northern CA and North Coast AA										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
2021	0	0	1	100	0	0	4	3,310	**5**	**3,410**
2022	3	5,691	7	263	0	0	5	3,808	**15**	**9,762**
2023	1	4,000	3	28	2	3,075	5	4,263	**11**	**11,366**
YTD 2024	0	0	0	0	0	0	3	4,605	**3**	**4,605**
Total	**4**	**9,691**	**11**	**391**	**2**	**3,075**	**17**	**15,986**	**34**	**29,143**
Source: Bank Data										

The following are examples of CD loans benefitting the AA over the evaluation period:

- In 2023, TCBK originated a $4.0 million loan to an affordable housing organization that is primarily funded by LITHCs. The loan will create 49 units of affordable housing for LMI individuals.

- In 2023, the bank originated a $2.9 million loan to a local farm to support its annual crop operations. The farm is located in a distressed middle-income CT; the loan will help stabilize the area by providing the funding for worker salaries.

- In 2023, the institution originated a $1.1 million SBA 504 loan for the purchase of a warehouse to expand business in a distressed middle-income CT. The transaction qualifies for economic development since the loan creates and maintain jobs in the community.

INVESTMENT TEST

TCB demonstrates an excellent performance under the Investment Test in the Rural Northern CA and North Coast AA. The conclusion is primarily supported by an excellent level of qualified investments and grants, exhibits good responsiveness, and makes significant use of innovative and/or complex investments.

Investment and Grant Activity

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. During the evaluation period, the institution made $25.4 million in new investments which is in addition to prior period investments and grants/ donations that directly benefitted the AA. The current review period level of CD activity increased significantly compared to the prior evaluation, where the institution's qualified investments and donations totaled $10.9 million.

Qualified Investments – Rural Northern CA and North Coast AA										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Prior Period	4	4,141	2	1,243	0	0	0	0	**6**	**5,384**
2021	0	0	0	0	0	0	0	0	**0**	**0**
2022	2	12,000	5	3,423	0	0	0	0	**7**	**15,423**
2023	2	10,000	0	0	0	0	0	0	**2**	**10,000**
Subtotal	**8**	**26,141**	**7**	**4,666**	**0**	**0**	**0**	**0**	**15**	**30,807**
Qualified Grants & Donations	1	10	21	34	9	62	13	42	**44**	**148**
Total	**9**	**26,151**	**28**	**4,700**	**9**	**62**	**12**	**42**	**59**	**30,955**
Source: Bank Data										

The following are examples of qualified investments and donations benefitting the AA over the evaluation period:

- In 2022, the institution invested $7.0 million in an affordable housing fund that provided 68 units designated for LMI individual.
- In 2022 The institution donated $20,000 to a business support organization that provides technical assistance programs to local small businesses.
- In 2022, the institution purchased a $1.1 million school bond that benefited the Eureka City Unified School District. More than 50.0 percent of the students are enrolled in the free and reduced price lunch program.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and CD needs. A substantial majority of the investments supported affordable housing, which is an identified AA need.

Community Development Initiatives

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

SERVICE TEST

The Service Test performance in the Rural Northern CA and North Coast AA is good. This conclusion is supported by a relatively high level of CD services and excellent accessibility to retail banking services.

Accessibility of Delivery Systems

Delivery systems are readily accessible to essentially all portions of the institution's AA. Operating 15 branches and 15 ATMs. As shown in the following table, the bank's distribution of branches in low-income CTs exceeds demographic data. The bank's branch presence in moderate-income CTs also significantly exceeds the percentage of population and the CTs. The following table shows the branch and ATM locations within the AA.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	**CTs**		**Population**		**Branches**		**ATMs**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Low	2	1.6	7,283	1.7	1	6.7	1	6.7
Moderate	37	29.8	138,889	31.9	7	46.7	7	46.7
Middle	65	52.4	230,681	53.0	7	46.7	7	46.7
Upper	17	13.7	58,061	13.3	0	0.0	0	0.0
NA	3	2.1	0	0.0	0	0.0	0	0.0
Total	**124**	**100**	**434,914**	**100.0**	**15**	**100.0**	**15**	**100.0**
Source: 2020 U.S. Census & Bank Data *Due to rounding, totals may not equal 100.0%*								

Alternate delivery systems are consistent with the institution overall. Refer to the institution-wide section for details on alternate delivery systems.

Changes in Branch Locations

To the extent changes have been made, the institution's record of opening and closing branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. During the review period, the institution opened one branch in a middle-income tract and closed four branches (two in middle-income tracts and two in moderate-income tracts). The two branches located in moderate-income geographies were closed to create efficiencies given that there are other branches within a one mile radius. Although the institution's presence has decreased accessibility in moderate-income geographies, the distribution of branches in LMI tracts and to percent of LMI population still exceeds the demographic data.

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/or individuals. This is consistent with the overall conclusion for the institution. Products and services offered within the AA are consistent with the institution overall. All branch offices are open Monday through Friday from 9:00 a.m. to 5:00 p.m., with the exception of the branch in Lake and Mendocino counties, which are open Monday through Friday from 10:00 a.m. to 3:00 p.m. Seven of the branches offer drive-up windows.

Community Development Services

The bank provides a relatively high level of CD services in the AA. The current evaluation period hours of qualified CD services reflected a notable increase compared to the prior evaluation of 115 hours. The majority of services provided by the bank targeted community services, reflecting responsiveness to a CD need.

Community Development Services – Rural Northern CA and Coastal AA					
Activity Year	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	#	#	#	#
2021	1	18	89	85	**192**
2022	13	53	104	0	**170**
2023	3	102	92	5	**201**
2024	2	77	18	0	**97**
Total	**19**	**250**	**302**	**89**	**659**
Source: Bank Data					

The following are examples of CD services provided by bank employees in the AA over the evaluation period:

- Over the evaluation period, a bank employee provided 162 hours of board service and financial education to an organization supporting local small farms in a distressed and underserved community.

- In 2021, a bank employee provided a total of 40 hours of board service to a non-profit that created a disaster relief program for people affected by the Greenville area fires.

- A branch manager served 48 hours on the board of a senior center located in a moderate-income tract that provides financial services to LMI seniors to retain ownership of their home.

SHASTA-TEHAMA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE SHASTA-TEHAMA AA

The Shasta-Tehama AA consists of two whole contiguous Shasta and Tehama counties, which are contained within the Redding-Red Bluff, CA CSA #454. The CSA is comprised of one MSA: Redding, CA MSA #39820 (Shasta County); and one Non-MSA (Tehama County). The bank operates 11 branches and 1 LPO in this AA. There have been no changes to the AA delineation since the previous evaluation.

Economic and Demographic Data

In 2021, based on the 2015 ACS, the AA consisted of 59 CTs: 0 low-, 14 moderate-, 32 middle-, and 13 upper-income. In 2023, based on the 2020 U.S. Census, the Shasta-Tehama AA consists of 64 CTs: 0 low-, 17 moderate-, 32 middle-, and 15 upper-income. The following table shows select demographic, housing, and business information of the AA.

Demographic Information of the Assessment Area Assessment Area: Shasta-Tehama AA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (CTs)	64	0.0	26.6	50.0	23.4	0.0
Population by Geography	247,984	0.0	28.8	51.1	20.1	0.0
Housing Units by Geography	106,106	0.0	28.6	52.6	18.8	0.0
Owner-Occupied Units by Geography	62,520	0.0	25.8	49.8	24.5	0.0
Occupied Rental Units by Geography	32,986	0.0	33.1	57.4	9.5	0.0
Vacant Units by Geography	10,600	0.0	31.5	54.1	14.4	0.0
Businesses by Geography	28,140	0.0	18.4	66.3	15.3	0.0
Farms by Geography	1,254	0.0	28.4	53.5	18.1	0.0
Family Distribution by Income Level	63,174	22.7	17.7	20.1	39.5	0.0
Household Distribution by Income Level	95,506	25.9	16.0	16.8	41.4	0.0
Median Family Income MSA - 39820 Redding, CA MSA		$69,052	Median Housing Value			$253,924
Median Family Income Non-MSAs - CA		$70,728	Median Gross Rent			$1,047
			Families Below Poverty Level			10.5%

Source: 2020 U.S. Census and 2023 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

Based on the 2020 U.S. Census Data, there are 106,106 housing units in the AA. Of these, 59.0 percent are owner-occupied, 31.0 percent are occupied rental units, and 10.0 percent are vacant.

The 2023 D&B data indicated that there are 29,934 businesses and farms operating in the AA. Service industries represent the largest portion of businesses at 35.9 percent; followed by non-classifiable establishments at 19.8 percent; retail trade at 10.3 percent; and finance, insurance, and real estate at 8.7 percent. Additionally, 66.7 percent of area businesses employ 4 or fewer employees and 93.0 percent operate from a single location.

The BLS provides data on changes in unemployment rates. The unemployment rate in Shasta County is consistent with the state of CA's averages for the review period. However, Tehama

County shows higher unemployment rates compared to Shasta and the state averages for the review period. Refer to the table below for further detail.

Unemployment Rates				
Area	**2021**	**2022**	**2023**	**2024**
	%	**%**	**%**	**%**
Shasta County	5.1	4.5	5.4	5.5
Tehama County	5.3	5.0	6.2	6.3
State of CA	5.5	4.4	5.1	5.3
National Average	3.9	3.5	3.7	3.9
Source: Bureau of Labor Statistics				

According to Moody's Analytics as of May 2024, the economic strengths of the AA include a lower living and business costs than the neighboring areas in CA. The healthcare industry employs the most people in the MSA and functions as a regional healthcare hub that serves a significant senior population. The labor market has slowed down since the end of the pandemic. The metro area has not realized net job gains so far in 2024. Construction and healthcare have been bright spots, but have not offset job losses elsewhere, most notably in retail and leisure/hospitality. The jobless rate has edged higher for a couple of years although the labor force has rebounded strongly. Single-family house price appreciation is lagging behind the rest of the U.S. and state of CA. Economic weaknesses include an educational attainment that is below the state average, low per capita income, and the lack of dynamic, high-growth industries. The top employers in the area are Mercy Medical Center, Iris Global, Shasta Regional Medical Center, and Blue Cross & Blue Shield Association.

The FFIEC 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.

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Redding, CA MSA Median Family Income (39820)				
2023 ($87,000)	<$43,500	$43,500 to <$69,600	$69,600 to <$104,400	≥$104,400
Source: FFIEC				

Competition

The AA has a moderate level of competition for financial services. According to the June 30, 2023 FDIC Deposit Market Share Report, 16 FDIC-insured financial institutions share $5.8 billion in total deposits in the AA. Of these institutions, TCBK ranks 1st in deposit market share, holding 20.5 percent of the AA's deposits.

Community Contact

Examiners conducted a community contact with an organization that serves the AA. The contact noted that the area is still exhibiting after-effects from the recent wildfires. Housing affordability was already difficult for LMI individuals, even more so now with over 25,000 people being displaced. Additionally, the contact stated that local small businesses struggle to obtain smaller loans under $100,000, even with strong business plans. The contact specified that technical assistance for small business owners and affordable housing are the greatest needs of the community.

The contact specifically highlighted the efforts of TCBK's as a model example of an institution providing outstanding levels of community service efforts. These include affordable housing, support to small and underserved individuals, LMI, and financial literacy.

Credit and Community Development Needs and Opportunities

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

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE SHASTA-TEHAMA AA

LENDING TEST

Lending Test performance in the Shasta-Tehama AA demonstrates an excellent performance. This conclusion is supported by excellent lending levels, good geographic distribution, good borrower profile, and an excellent level of CD loans.

Lending Activity

The institution's lending levels reflect excellent responsiveness to AA credit needs. Small farm lending was not presented as it is not considered a major product line for this AA. Compared to the prior evaluation, the level of lending activity increased for the small business and home mortgage products.

During the evaluation period, TCBK reported 579 small business loans totaling $67.4 million in the AA. This represents a moderate increase by count from the previous evaluation, where the bank reported 480 small business loans; however, the total dollar volume decreased from $74.3 million. In 2022, TCBK ranked 10th out of 78 reporting lenders, with 2.7 percent of the market share by number of small business loans originated or purchased in the AA. Although the number of competitors is low, the bank competes with large national lenders, such as JP Morgan Chase NA, American Express NA, US Bank NA, Citibank NA, and Capital One NA. These 5 lenders account for 62.4 percent of the market share.

TCBK also reported 970 home mortgage loans totaling $160.8 million in the AA. This represents a modest increase from the previous evaluation, where the bank reported 777 home mortgage loans totaling $100.1 million. In 2022, TCBK ranked 2nd out of 393 reporting lenders, with 5.6 percent of the market share by number of home mortgage loans originated or purchased in the AA. It is important to note considerable competition in the AA, especially with the large number of mortgage companies such as Change Lending LLC, Rocket Mortgage, American Pacific Mortgage Corporation, US Bank NA, and United Wholesale Mortgage.

Although the institution is not a market leader, it compared favorably to other similarly situated institutions during this evaluation period. Small business and home mortgage ranking reflected significant improvement. Therefore, the lending activities reflect excellent responsiveness.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the AA. There were no low-income CTs in the AA; therefore, geographic distribution was only analyzed based on the performance in moderate-income CTs. This conclusion is supported by good performance in small business and adequate performance in home mortgage lending.

Small Business

The geographic distribution of small business loans reflects good penetration. In 2021 and 2022, the loan penetration to moderate-income tracts exceeded aggregate performance. Additionally, in 2023, the lending performance exceeded the percent of businesses. Overall, the geographic distribution of small business loans reflects good penetration throughout the AA.

Geographic Distribution of Small Business Loans Assessment Area: Shasta-Tehama AA						
Tract Income Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Moderate						
2021	23.5	20.6	75	24.2	9,548	27.6
2022	18.2	22.9	34	23.4	5,993	26.1
2023	18.4	--	32	25.8	2,407	24.1
Middle						
2021	61.2	61.9	180	58.1	19,628	56.8
2022	67.0	54.7	87	60.0	14,545	63.4
2023	66.3	--	62	50.0	5,637	56.6
Upper						
2021	15.3	17.5	55	17.7	5,361	15.5
2022	14.8	22.4	24	16.6	2,395	10.4
2023	15.3	--	30	24.2	1,924	19.3
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**310**	**100.0**	**34,537**	**100.0**
2022	**100.0**	**100.0**	**145**	**100.0**	**22,933**	**100.0**
2023	**100.0**	**--**	**124**	**100.0**	**9,968**	**100.0**
Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Home Mortgage

The geographic distribution of home mortgage loans reflects adequate penetration.
In 2021 and 2022, the bank's loan penetration was below aggregate lenders and the percentage of owner-occupied housing units. In 2023, the loan penetration percentage was slightly below the percentage of owner-occupied housing units. However, during the evaluation period, the loan penetration in moderate-income geographies reflected an upward trend. Overall, the geographic distribution of home mortgage loan is adequate.

Geographic Distribution of Home Mortgage Loans Assessment Area: Shasta-Tehama AA						
Tract Income Level	**% of Owner-Occupied Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Moderate						
2021	20.9	18.8	72	16.5	10,200	15.3
2022	25.8	23.2	67	19.7	9,045	19.3
2023	25.8	--	44	22.7	28,610	60.3
Middle						
2021	58.4	56.6	228	52.3	35,890	53.9
2022	49.8	52.1	179	52.6	23,195	49.6
2023	49.8	--	93	47.9	10,355	21.8
Upper						
2021	20.7	24.6	136	31.2	20,530	30.8
2022	24.5	24.7	94	27.6	14,520	31.1
2023	24.5	--	57	29.4	8,495	17.9
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**436**	**100.0**	**66,620**	**100.0**
2022	**100.0**	**100.0**	**340**	**100.0**	**46,760**	**100.0**
2023	**100.0**	**--**	**194**	**100.0**	**47,460**	**100.0**
Source: 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Borrower Profile

The distribution of borrowers reflects good penetration among business customers of different revenue size and retail customers of different income levels. This conclusion is supported by good performance in small business lending and excellent performance in home mortgage lending.

Small Business

The distribution of small business borrowers reflects good penetration among business customers of different revenue sizes. In 2021, loan penetration to small businesses is below aggregate lenders by a considerable margin; however, nearly 40.6 percent of the 2021 small business loans were SBA PPP loans. Although revenues were not reported for SBA PPP loans, the SBA PPP lending was responsive to the credit needs during the height of the pandemic. In 2022, loan penetration reflected a significant improvement and was in-line with aggregate performance. Although in 2023, the loan penetration performed below the percentage of businesses throughout the evaluation period, distribution of loans to small businesses reflected an improving trend.

Distribution of Small Business Loans by Gross Annual Revenue Category **Assessment Area: Shasta-Tehama AA**						
Gross Revenue Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2021	87.6	51.6	113	36.5	8,408	24.3
2022	90.0	54.1	80	55.2	5,566	24.3
2023	90.6	--	82	66.1	2,366	23.7
>$1,000,000						
2021	3.6	--	71	22.9	17,113	49.6
2022	2.8	--	57	39.3	15,324	66.8
2023	2.6	--	38	30.6	6,006	60.3
Revenue Not Available						
2021	8.8	--	126	40.6	9,016	26.1
2022	7.3	--	8	5.5	2,043	8.9
2023	6.8	--	4	3.2	1,596	16.0
Totals						
2021	**100.0**	**100.0**	**310**	**100.0**	**34,537**	**100.0**
2022	**100.0**	**100.0**	**145**	**100.0**	**22,933**	**100.0**
2023	**100.0**	**--**	**124**	**100.0**	**9,968**	**100.0**
Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Home Mortgage

The distribution of home mortgage borrowers reflects excellent penetration among retail customers of different income levels. In 2021 and 2022, loan penetration to low-income borrowers significantly exceeded aggregate lenders. In 2023, the lending to low-income borrowers performed slightly below the percentage of families.

In 2021 and 2022, the bank's lending to moderate-income borrowers also exceeded aggregate lenders. Furthermore, in 2023, loan penetration to moderate-income borrowers slightly exceeded the percent of families. Overall, the distribution of home mortgage loans reflects excellent penetration among retail customers of different income levels.

Distribution of Home Mortgage Loans by Borrower Income Level **Assessment Area: Shasta-Tehama AA**						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	22.5	4.2	52	11.9	4,700	7.1
2022	22.7	7.8	59	17.4	5,215	11.2
2023	22.7	--	38	19.6	3,180	6.7
Moderate						
2021	18.8	14.6	86	19.7	10,930	16.4
2022	17.7	19.0	71	20.9	8,355	17.9
2023	17.7	--	36	18.6	4,540	9.6
Middle						
2021	19.6	22.7	92	21.1	14,060	21.1
2022	20.1	23.9	71	20.9	8,945	19.1
2023	20.1	--	39	20.1	4,195	8.8
Upper						
2021	39.2	40.1	151	34.6	25,785	38.7
2022	39.5	31.8	112	32.9	18,610	39.8
2023	39.5	--	67	34.5	9,675	20.4
Not Available						
2021	0.0	18.3	55	12.6	11,145	16.7
2022	0.0	17.4	27	7.9	5,635	12.1
2023	0.0	--	14	7.2	25,870	54.5
Totals						
2021	**100.0**	**100.0**	**436**	**100.0**	**66,620**	**100.0**
2022	**100.0**	**100.0**	**340**	**100.0**	**46,760**	**100.0**
2023	**100.0**	**--**	**194**	**100.0**	**47,460**	**100.0**
Source: 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Community Development Loans

The institution is a leader in making CD loans in the AA. The current review period performance represents significant increase both by number and dollar volume compared to the last evaluation, where the bank made 13 CD loans totaling $7.1 million. The majority of the CD loans supported affordable housing and economic development initiatives which were identified as primary CD needs in the AA.

Community Development Lending – Shasta-Tehama AA										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
2021	0	0	3	1,093	0	0	2	1,198	**5**	**2,291**
2022	1	500	3	755	3	13,225	2	6	**9**	**14,486**
2023	2	22,025	5	819	1	1,500	1	20	**9**	**24,364**
YTD 2024	0	0	0	0	1	1,500	0	0	**1**	**1,500**
Total	**3**	**22,525**	**11**	**2,667**	**5**	**16,225**	**5**	**1,224**	**24**	**42,641**
Source: Bank Data										

The following are examples of CD loans benefitting the AA over the evaluation period:

- In 2023, the institution originated a $22.0 million loan to help finance the construction of a multifamily property that will provide 48 units of affordable housing specifically designated for LMI individuals earning 50.0 percent or less than the area median income.

- In 2022, the institution refinanced a $9.5 million loan to a small business located in a middle-income tract. The refinance paid off a construction loan for a 130-room hotel, creating numerous jobs in the area.

- In 2021, the institution supported community service initiatives by originating a $800,000 revolving line of credit to help support a non-profit organization that provides services dedicated to LMI individuals in the area.

INVESTMENT TEST

TCB demonstrates an excellent performance under the Investment Test in the Shasta-Tehama AA. The conclusion is primarily supported by an excellent level of qualified investments and grants, exhibits good responsiveness, and makes significant use of innovative and/or complex investments.

Investment and Grant Activity

The institution has an excellent level, often in a leadership position, of qualified CD investments and grants. During the evaluation period, the institution made 4 new investments totaling $10.7 million in addition to prior period investments and grants/donations that directly benefitted the

AA. This level of CD activity reflects a significant increase from the prior evaluation, where the bank made 43 qualified investments and donations totaling $3.3 million.

Qualified Investments – Shasta-Tehama AA										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Prior Period	1	1,049	0	0	0	0	0	0	**1**	**1,049**
2021	1	2,000	0	0	0	0	0	0	**1**	**2,000**
2022	2	7,500	1	1,194	0	0	0	0	**3**	**8,694**
2023	0	0	0	0	0	0	0	0	**0**	**0**
Subtotal	**4**	**10,549**	**1**	**1,194**	**0**	**0**	**0**	**0**	**5**	**11,743**
Qualified Grants & Donations	3	13	31	215	7	31	2	12	**43**	**271**
Total	**7**	**10,562**	**32**	**1,409**	**7**	**31**	**2**	**12**	**418**	**12,014**
Source: Bank Data										

The following are examples of qualified investments and donations benefitting the AA over the evaluation period:

- In 2022, the institution invested $4.5 million in an affordable housing project that provides affordable housing to families earning less than 80.0 percent of the area median income.

- In 2022, the institution invested $3.0 million in an affordable housing project that provides 19 units of affordable housing to homeless or at-risk individuals.

- In 2022, the institution invested $1.2 million in a bond to a local school district that has more than 50.0 percent of its student body on free and reduced price lunch program.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and CD needs. A substantial majority of the investments supported affordable housing, which is an identified AA need.

Community Development Initiatives

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

SERVICE TEST

The Service Test performance in the Shasta-Tehama AA is good. This conclusion is primarily supported by a relatively high level of CD services and good accessibility to retail banking services.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the institution's AA. Operating 11 branches, 18 ATMs, and 1 LPO located in Shasta County. The bank's branch presence in moderate-income CTs is slightly above the percentage of population and the CTs. The following table shows the branch and ATM locations within the AA.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	**CTs**		**Population**		**Branches**		**ATMs**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	17	26.6	71,425	28.8	3	27.3	5	27.8
Middle	32	50.0	126,691	51.1	7	63.6	12	66.7
Upper	15	23.4	49,868	20.1	1	9.1	1	5.6
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	**64**	**100.0**	**247,984**	**100.0**	**11**	**100.0**	**18**	**100.0**
Source: 2020 U.S. Census & Bank Data *Due to rounding, totals may not equal 100.0%*								

Alternate delivery systems are consistent with the institution overall. Refer to the institution-wide section for details on alternate delivery systems.

Changes in Branch Locations

To the extent changes have been made, the institution's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in moderate-income geographies and/or to LMI individuals. During the review period, TCBK did not open, close or relocate any branches in the AA.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the Shasta-Tehama AA, particularly LMI geographies and/or individuals. This is consistent with the overall conclusion for the institution. Products and services offered within the AA are consistent with the institution overall. Most AA branch offices are open Monday through Friday from 9:00 a.m. to 5:00 p.m. However, the Burney Branch is open from 10:00 a.m. to 3:00 p.m. and the Redding Lake Blvd branch is open from 10:00 a.m. to 6:00 p.m. The in-store branches are open Monday through Friday from 9:00 a.m. to 6:00 p.m. and Saturday from 9:00 a.m. to 1:00 p.m. The bank offers drive-up windows at seven branch locations. All branch locations offer ATM services.

Community Development Services

The bank provides a relatively high level of CD services in the AA. TCBK employees and officers provided CD service hours similar to the previous evaluation. However, the bank outperformed

similarly situated peer banks that operate in the area. Overall, the majority of services provided by the bank targeted community services, reflecting good responsiveness to a CD need.

Community Development Services – Shasta-Tehama AA					
Activity Year	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	#	#	#	#
2021	0	149	89	63	**301**
2022	6	285	74	40	**404**
2023	19	426	20	22	**486**
2024	2	122	9	0	**133**
Total	**27**	**982**	**191**	**125**	**1,324**
Source: Bank Data					

The following are examples of CD services provided by bank employees in the AA over the evaluation period:

- In 2023, employees provided 138 hours of board service and financial education to an organization providing programs for LMI people, disaster relief, and other underserved individuals in the area.

- In 2023, employees provided a total of 95 hours of board service to an organization supporting local small businesses.

- During the evaluation period, a bank employee provided 123 hours of board service to a youth organization that primarily services and supports LMI students.

KERN AA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE KERN AA

The Kern AA consists of Kern County, which is part of the Bakersfield, CA MSA #12540. There have been no changes to the AA delineation since the previous evaluation.

Economic and Demographic Data

In 2021, based on the 2015 ACS, the AA consisted of 151 CTs: 14 low-, 40 moderate-, 44 middle-, 48 upper-income, and 5 unknown-income tracts. As of 2023, based on the 2020 U.S. Census, the AA consists of 236 CTs: 19 low-, 65 moderate-, 70 middle-, 74 upper-, and 8 unknown-income tracts. The following table shows select demographic, housing, and business information of the AA.

Demographic Information of the Assessment Area Assessment Area: Kern AA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (CTs)	236	8.1	27.5	29.7	31.4	3.4
Population by Geography	909,235	8.0	28.0	29.8	31.4	2.8
Housing Units by Geography	299,179	8.1	27.8	30.6	32.4	1.2
Owner-Occupied Units by Geography	161,113	3.8	21.8	30.3	43.5	0.7
Occupied Rental Units by Geography	112,443	14.0	34.5	31.2	18.6	1.8
Vacant Units by Geography	25,623	9.1	36.1	30.4	23.1	1.3
Businesses by Geography	67,925	5.3	20.5	27.9	40.9	5.4
Farms by Geography	2,458	4.1	28.8	28.5	36.7	1.9
Family Distribution by Income Level	201,939	23.5	17.1	17.5	42.0	0.0
Household Distribution by Income Level	273,556	24.9	15.9	16.4	42.8	0.0
Median Family Income MSA - 12540 Bakersfield, CA MSA		$61,044	Median Housing Value			$209,189
			Median Gross Rent			$1,032
			Families Below Poverty Level			16.7%

Source: 2020 U.S. Census and 2023 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

Based on the 2020 U.S. Census Data 54.0 percent of the housing units are owner-occupied, 38.0 percent are occupied rental units, and 9.0 percent are vacant. The median housing value is $209,189.

The 2023 D&B data indicated that there are 70,383 businesses and farms operating in the AA. Service industries represent the largest portion of businesses at 33.5 percent; followed by non-classifiable establishments at 19.4 percent; retail trade at 12.1 percent; and transportation at 9.7 percent. Additionally, 65.3 percent of area businesses employ 4 or fewer employees, and 92.2 percent operate from a single location.

The unemployment rate in in Kern County is significantly higher than the state and the national average. Furthermore, during the evaluation period, the unemployment conditions did not improve and reflect an increasing unemployment trend.

Unemployment Rates				
Area	**2021**	**2022**	**2023**	**2024**
	%	**%**	**%**	**%**
Kern County	7.3	7.0	8.7	9.3
State of CA	5.5	4.4	5.1	5.3
National Average	3.9	3.5	3.7	3.9
Source: Bureau of Labor Statistics				

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

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Bakersfield, CA MSA Median Family Income (12540)				
2023 ($72,600)	<$36,300	$36,300 to <$58,080	$58,080 to <$87,120	≥$87,120
Source: FFIEC				

According to Moody's Analytics as of May 2024, the economy has strengthened since mid-2023; however, the unemployment rate has increased since 2022. Despite the high unemployment rates, the average monthly payroll is in line with CA and the national average. When compared to retail and the local government, employment in mining and the federal government has not experienced growth. Oil prices increased over the past year as global demand continues to grow. The increase demand for oil increased productivity and payrolls for oil drillers in the AA. The military also helped support the local economy. For example, the federal government accounts for above average share of jobs in the area. The increase in the defense budget helped build installation sites for research, development, and testing for aerospace system. The area is among the youngest metropolitan in the area, which has helped push the birthrate slightly ahead of the national average. The population growth persisted despite a negative net domestic migration. Economic weaknesses include an educational attainment that is below the state average, weak credit quality, high poverty, and low rates of business formation. The economic strengths of the AA include vast oil deposits, favorable warehouse distribution sites, abundant farmland, and a young population. The top employers in the area are Edwards Air Force Base, China Lake Naval Weapons Center, Grimmway Farms, and Dignity Health.

Competition

The AA has a moderate level of competition for financial services. According to the June 30, 2023 FDIC Deposit Market Share Report, 16 FDIC-insured financial institutions share $12.3 billion in total deposits in the AA. Of these institutions, TCBK ranks 4th in deposit market share, holding 9.4 percent of the AA's deposits.

Community Contact

Examiners conducted a community contact with an organization that serves the AA. The contact noted that despite the area's older housing stock, housing prices still remain high and options for first-time homebuyers are limited. The contact noted that the area has a significant homeless population that has increased especially since the pandemic. According to the contact, there is also an opportunity for institutions to provide financial education courses to LMI individuals.

Credit and Community Development Needs and Opportunities

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

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE KERN AA

LENDING TEST

Lending Test performance in the Kern AA demonstrates an adequate performance. This conclusion is supported by adequate lending levels, adequate geographic distribution, and an excellent level of CD lending. The distribution of borrowers reflects poor penetration.

Lending Activity

The institution's lending levels reflect adequate responsiveness to AA credit needs. Small farm lending is not as a major product line for this AA. Therefore, small farm lending was not presented in the lending tables.

During the evaluation period, TCBK reported 459 small business loans totaling $148.8 million in the AA. This represents a substantial increase from the previous evaluation, where the bank reported 60 small business loans totaling $16.6 million. In 2022, TCBK ranked 17th out of 106 reporting lenders, with 0.9 percent of the market share by number of small business loans originated or purchased in the AA. The small business competition is high given that the bank competes with several large national lenders, such as American Express NA, JP Morgan Chase NA, Bank of America NA, Citibank NA, and Wells Fargo NA.

TCBK also reported 144 home mortgage loans totaling $69.0 million in the AA. This represents a substantial increase in the number of loans but a significant decrease in dollar amount from the previous evaluation, where the bank reported 31 home mortgage loans totaling $95.3 million. In 2022, TCBK ranked 75th out of 593 reporting lenders, with 0.3 percent of the market share by number of home mortgage loans originated or purchased in the AA. It is important to note that the bank competes with credit unions and mortgage companies such as United Wholesale Mortgage, Rocket Mortgage, Valley Strong Credit Union, Pennymac Loan Services LLC, and Sierra Pacific Mortgage Company.

Given the competition, the institution is not a market leader in this AA. The bank's peers also reflect similar percentages of market share. Therefore, the lending activity reflect adequate responsiveness.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the AA. This conclusion is supported by adequate performance in both small business and home mortgage lending.

Small Business

The geographic distribution of small business loans reflects adequate penetration. In 2021, lending in low-income geographies slightly exceed aggregate performance. In 2022, the bank's performance was slightly below aggregate lending. In 2023, the bank's lending performance trailed the percentage of businesses. The bank's lending performance showed a downward trend year after year for low-income tracts.

In 2021 and 2022, the bank's lending in moderate-income geographies was slightly below aggregate data. In 2023, the bank's lending performance was below the percentage of businesses. However, the bank's lending performance showed an upward trend year after year for moderate-income tracts. Overall, the geographic distribution of small business loans reflects adequate penetration throughout the AA.

Geographic Distribution of Small Business Loans Assessment Area: Kern AA						
Tract Income Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	5.4	4.2	5	6.5	1,698	7.9
2022	5.3	4.1	6	3.4	2,093	3.5
2023	5.3	--	5	2.4	1,511	2.3
Moderate						
2021	19.7	17.2	10	13.0	2,250	10.5
2022	20.2	17.8	29	16.6	6,814	11.3
2023	20.5	--	38	18.4	9,189	13.7
Middle						
2021	26.7	25.4	20	26.0	4,758	22.3
2022	28.1	29.0	43	24.6	15,512	25.7
2023	27.9	--	46	22.2	13,802	20.6
Upper						
2021	47.4	52.3	41	53.2	12,362	57.9
2022	40.9	45.0	83	47.4	29,950	49.6
2023	40.9	--	103	49.8	36,491	54.4
Not Available						
2021	0.8	0.9	1	1.3	292	1.4
2022	5.6	4.1	14	8.0	6,063	10.0
2023	5.4	--	15	7.2	6,028	9.0
Totals						
2021	**100.0**	**100.0**	**77**	**100.0**	**21,360**	**100.0**
2022	**100.0**	**100.0**	**175**	**100.0**	**60,432**	**100.0**
2023	**100.0**	**--**	**207**	**100.0**	**67,021**	**100.0**
Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Home Mortgage

The geographic distribution of home mortgage loans reflects adequate penetration. In 2021 and 2022, loan penetration in low-income tracts was comparable with aggregate data. In 2023, the institution's lending performance exceeded the percentage of owner-occupied housing units.

In 2021, the institution's loan penetration in moderate-income tracts exceeded aggregate data. In 2022, loan penetration was comparable to aggregate data. In 2023, the institution's lending in

moderate-income CTs was below the percentage of owner-occupied housing units. Overall, the geographic distribution of home mortgage loans reflects adequate penetration throughout the AA.

Geographic Distribution of Home Mortgage Loans Assessment Area: Kern AA						
Tract Income Level	**% of Owner-Occupied Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	5.6	3.3	1	2.6	315	1.2
2022	3.8	3.3	2	3.3	710	2.5
2023	3.8	--	2	4.3	430	3.1
Moderate						
2021	15.8	9.8	6	15.8	1,150	4.3
2022	21.8	17.1	10	16.7	1,840	6.4
2023	21.8	--	6	13.0	2,100	15.2
Middle						
2021	32.3	29.0	13	34.2	12,955	48.9
2022	30.3	31.6	13	21.7	12,325	43.0
2023	30.3	--	10	21.7	1,590	11.5
Upper						
2021	46.2	57.1	18	47.4	12,070	45.6
2022	43.5	47.4	35	58.3	13,775	48.1
2023	43.5	--	28	60.9	9,730	70.3
Not Available						
2021	0.1	0.8	0	0.0	0	0.0
2022	0.7	0.5	0	0.0	0	0.0
2023	0.7	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**38**	**100.0**	**26,490**	**100.0**
2022	**100.0**	**100.0**	**60**	**100.0**	**28,650**	**100.0**
2023	**100.0**	**--**	**46**	**100.0**	**13,850**	**100.0**
Source: 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Borrower Profile

The distribution of borrowers reflects poor penetration among business customers of different revenue size and retail customers of different income levels. This conclusion is supported by poor performance in small business lending. The distribution of borrowers for HMDA reflects adequate penetration; however, small business carries the greatest weight to the overall rating.

Small Business

The distribution of borrowers reflects poor penetration to businesses with GARs of $1 million or less. In 2021 and 2022, loan penetration to small businesses was below the aggregate lenders. In 2023, the institution's lending was below the percentage of businesses. Overall, the bank demonstrates poor penetration of loans to small businesses with GARs of $1.0 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category **Assessment Area: Kern AA**						
Gross Revenue Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2021	87.6	41.1	31	40.3	9,559	44.8
2022	88.7	47.9	54	30.9	16,467	27.2
2023	89.8	--	63	30.4	11,790	17.6
>$1,000,000						
2021	3.6	--	33	42.9	10,292	48.2
2022	3.1	--	94	53.7	33,784	55.9
2023	2.8	--	130	62.8	48,383	72.2
Revenue Not Available						
2021	8.8	--	13	16.9	1,509	7.1
2022	8.2	--	27	15.4	10,181	16.8
2023	7.4	--	14	6.8	6,848	10.2
Totals						
2021	**100.0**	**100.0**	**77**	**100.0**	**21,360**	**100.0**
2022	**100.0**	**100.0**	**175**	**100.0**	**60,432**	**100.0**
2023	**100.0**	**--**	**207**	**100.0**	**67,021**	**100.0**
Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available. *Due to rounding, totals may not equal 100.0%*						

Home Mortgage

The distribution of borrowers reflects adequate penetration to LMI borrowers. In 2021, the bank did not make any loans to low-income borrowers. In 2022, loan penetration to low-income borrowers slightly exceeds aggregate performance. Aggregate data for 2021 and 2022 reflects limited home mortgage lending opportunities to low-income individuals. In 2023, the institution's lending performance compared unfavorably to the percentage of low-income families.

In 2021, loan penetration to moderate-income borrowers slightly exceed aggregate performance. However, in 2022 the performance fell below aggregate lenders. In 2023, loan penetration was below the percentage of moderate-income families.

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Kern AA						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	24.8	1.8	0	0.0	0	0.0
2022	23.5	2.5	3	5.0	1,265	4.4
2023	23.5	--	2	4.3	110	0.8
Moderate						
2021	16.4	8.5	4	10.5	710	2.7
2022	17.1	10.0	4	6.7	510	1.8
2023	17.1	--	5	10.9	545	3.9
Middle						
2021	16.1	19.2	2	5.3	400	1.5
2022	17.5	21.1	7	11.7	1,065	3.7
2023	17.5	--	5	10.9	805	5.8
Upper						
2021	42.7	49.4	18	47.4	5,410	20.4
2022	42.0	47.7	31	51.7	12,405	43.3
2023	42.0	--	25	54.3	8,435	60.9
Not Available						
2021	0.0	21.1	14	36.8	19,970	75.4
2022	0.0	18.8	15	25.0	13,405	46.8
2023	0.0	--	9	19.6	3,955	28.6
Totals						
2021	**100.0**	**100.0**	**38**	**100.0**	**26,490**	**100.0**
2022	**100.0**	**100.0**	**60**	**100.0**	**28,650**	**100.0**
2023	**100.0**	**--**	**46**	**100.0**	**13,850**	**100.0**

Source: 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Community Development Loans

The institution is a leader in making CD loans in the AA. TCBK's CD lending for this AA represents a significant increase in both by number and dollar volume compared to the last evaluation, where the bank made 2 CD loans totaling $4.0 million. A majority of the current CD loans benefited economic development and revitalize/stabilization initiatives. Economic development was identified as a primary CD need in the AA.

Community Development Lending – Kern AA										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
2021	2	950	0	0	3	4,312	2	3,500	**7**	**8,762**
2022	3	967	1	500	10	13,271	3	9,255	**17**	**23,993**
2023	0	0	1	15	4	15,420	6	30,404	**11**	**45,839**
YTD 2024	0	0	1	25	1	2,840	1	6,114	**3**	**8,979**
Total	**5**	**1,917**	**3**	**540**	**18**	**35,843**	**12**	**49,273**	**38**	**87,573**
Source: Bank Data										

The following are examples of CD loans benefitting the AA over the evaluation period:

- In 2023, the institution originated an $8.5 million loan to a local small farm located in a moderate-income tract. The loan will help the business to pay workers living in the area.

- In 2022, the institution originated a $500,000 million loan to local non-profit that focuses on providing job training, employment opportunities, and support services to disadvantaged and disabled members of the community. All of the organization's clients are LMI.

- In 2023, the institution originated an $11.4 million construction to perm loan in a moderate-income tract for the renovation of a local hotel. The renovations will provide job opportunities and once completed, increase visitors to the local economy.

INVESTMENT TEST

TCB demonstrates an excellent performance under the Investment Test in the Kern AA. The conclusion is primarily supported by an excellent level of qualified investments and grants, exhibits good responsiveness, and makes significant use of innovative and/or complex investments.

Investment and Grant Activity

The institution has an excellent level, often in a leadership position, of qualified CD investments and grants. In addition to prior period investments, grants/donations, TCBK also made $26.7 million in new investments that directly benefitted the AA. This level of CD activity is a significant increase compared to the prior evaluation, where qualified investments and donations totaled $2.6 million.

Qualified Investments – Kern AA										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Prior Period	3	2,524	5	5,443	0	0	0	0	**8**	**7,967**
2021	3	3,969	10	6,165	0	0	0	0	**13**	**10,134**
2022	3	11,578	0	0	0	0	0	0	**3**	**11,578**
2023	1	5,000	0	0	0	0	0	0	**1**	**5,000**
Subtotal	**10**	**23,071**	**15**	**11,608**	**0**	**0**	**0**	**0**	**25**	**34,679**
Qualified Grants & Donations	2	15	65	326	15	152	2	14	**84**	**507**
Total	**12**	**23,086**	**80**	**11,934**	**15**	**152**	**2**	**14**	**109**	**35,186**
Source: Bank Data										

The following are examples of qualified investments and donations benefitting the AA over the evaluation period:

- In 2022, the institution invested $5.0 million in an affordable housing fund that provided 80 units of affordable housing.
- In 2021, the institution invested $1.2 million in a school bond for a local school district that has over 51.0 percent of its student body on free or reduced price lunch plans.
- The institution donated $75,000 to a local non-profit specializing in supporting vulnerable and underserved members of the community. The donation is specifically used for a program that is reserved for LMI individuals.

Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and CD needs in the AA. A substantial majority of the investments supported affordable housing initiatives, which is an identified AA need.

Community Development Initiatives

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

SERVICE TEST

The Service Test performance in the Kern AA is excellent. The leadership role in providing CD supports this conclusion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution's AA, operating four traditional branches and four ATMs. There are no branches or ATMs in low-income geographies. Although, there are no branches in low-income CTs, the Bakersfield main branch is located in close proximity to a cluster of low-income tracts. Additionally, this branch is within a 10 mile radius of a majority of the low-income tracts. The bank's branch presence in moderate-income CTs exceed the percentage of population and the percentage of moderate-income CTs. The following table shows the branch and ATM locations within the AA.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	**CTs**		**Population**		**Branches**		**ATMs**	
	#	**%**	**#**	**%**	**#**	**%**	**#**	**%**
Low	19	8.1	72,700	8	0	0	0	0
Moderate	65	27.5	254,438	28	2	50	2	50
Middle	70	29.7	271,121	29.8	0	0	0	0
Upper	74	31.4	285,711	31.4	2	50	2	50
NA	8	3.4	25,265	2.8	0	0	0	0
Total	**236**	**100**	**909,235**	**100**	**4**	**100**	**4**	**100**
Source: 2020 U.S. Census & Bank Data *Due to rounding, totals may not equal 100.0%*								

Alternate delivery systems are consistent with the institution overall. Refer to the bank-wide section for details on alternate delivery systems.

Changes in Branch Locations

To the extent changes have been made, the institution's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. During the review period, the institution opened four branches: one in a middle-income CT, two in upper-income CTs, and one in a moderate-income tract. TCBK closed one branch located on 5201 California Avenue, Bakersfield, CA as a result of duplicate branches from the bank merger. The institution's presence has not decreased accessibility to LMI geographies and/or to LMI individuals.

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/or individuals. This is consistent with the overall conclusion for the institution. Products and services offered within the AA are consistent with the institution overall. All AA branch offices are open Monday through Thursday from 9:00 a.m. to 5:00 p.m. and on Friday from 9:00 a.m. to 6:00 p.m.

Community Development Services

The institution is a leader in providing CD services in the AA. The total CD service hours reflected a significant increase compared to the prior evaluation total of 118 hours. The majority of services benefited community services initiatives, which was identified as a CD need in the AA.

Community Development Services – Kern AA					
Activity Year	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	#	#	#	#
2021	0	0	31	0	**31**
2022	0	76	58	24	**158**
2023	0	294	29	0	**323**
2024	0	552	8	0	**560**
Total	**0**	**922**	**126**	**24**	**1,072**
Source: Bank Data					

The following are examples of CD services provided by bank employees in the AA over the evaluation period:

- In 2023, an employee provided 117 hours of board service and financial education to an organization providing programs for LMI individuals seeking care and assistance due to medical hardships.

- In 2023, an employee provided a total of 23 hours of board service to an organization supporting LMI individuals by providing affordable housing and financial Education.

- In 2022 and 2023, an employee provided 56 hours of board service to a local small business development association.

OTHER ASSESSMENT AREAS – Limited-Scope Review

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

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

Assessment Area	Lending Test	Investment Test	Service Test
Stanislaus-Merced	Consistent	Consistent	Consistent
Fresno	Below	Consistent	Consistent
Tulare	Below	Consistent	Consistent

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

Stanislaus-Merced AA

The AA includes 175 CTs within Stanislaus and Merced counties. The institution operates four branches (one in moderate-, two in middle-, one in upper-income tracts) and one LPO. Additionally, the institution has five ATMs, two in moderate-, two in middle-, and one in upper-income CTs. Moreover, no material differences particularly in alternative delivery systems, service hours, and products or services offered that vary in a way that inconveniences certain portions the AA particularly LMI geographies or individuals. The branch distribution and alternative delivery systems are consistent with the institutions overall conclusions.

Activity	#	$(000's)
Small Business Loans	260	52,952
Home Mortgage Loans	225	76,435
Small Farm Loans	-	-
CD Loans	33	76,077
Investments (New)	3	4,708
Investments (Prior Period)	0	-
Donations	19	44
CD Services	112	-
Source: Bank Data		

The qualified community services hours totaling 112 hours reflected an improvement from 22 hours at the prior evaluation. The institution's service hours were split between community services and economic development initiatives. These initiatives are CD needs of the AA.

Fresno-Madera AA

The AA includes 259 CTs within Fresno and Madera counties. The institution operates two branches (one in middle-, one in upper-income tracts) and one LPO. There are no branches located in LMI geographies. However, the branch in Chowchilla is located in a rural area but is adjacent to a moderate-income CT. Moreover, no material differences particularly in alternative delivery systems, service hours, and products or services offered that vary in a way that inconveniences certain portions the AA particularly LMI geographies or individuals. Additionally, the institution has three ATMs (two in middle-, and one in upper-income CTs). The branch distribution and alternative delivery systems are consistent with the institutions overall conclusions.

Activity	**#**	**$(000's)**
Small Business Loans	203	59,340
Home Mortgage Loans	198	132,980
Small Farm Loans	26	4,865
CD Loans	33	44,500
Investments (New)	5	6,697
Investments (Prior Period)	1	270
Donations	36	93
CD Services	908	-
Source: Bank Data		

The qualified community services hours totaling 908 hours reflected a substantial improvement in comparison to the prior evaluation totaling 149 hours. A majority of the institution's service hours targeted economic development initiatives. Economic reports indicated economic development as a need of the AA.

Tulare AA

The AA includes 103 CTs within the county of Tulare. The institution operates one branch and ATM located in a moderate-income CT. There are no material differences in service hours and products or services offered that vary in a way that inconveniences certain portions the AA particularly LMI geographies or individuals. The branch distribution and alternative delivery systems are consistent with the institutions overall conclusions.

Activity	#	$(000's)
Small Business Loans	81	20,573
Home Mortgage Loans	85	52,115
Small Farm Loans	-	-
CD Loans	8	12,523
Investments (New)	3	1,168
Investments (Prior Period)	1	642
Donations	17	100
CD Services	136	-
Source: Bank Data		

At the prior evaluation, the institution had no instances of service hours. Therefore, qualified community services hours totaling 135 hours reflected a substantial improvement. A majority of the institution's service hours targeted community service initiatives. Economic reports indicated community services particularly financial literacy as a need of the AA.

Geographic Distribution

Geographic Distribution of Small Business Loans Assessment Area: Stanislaus-Merced AA						
Tract Income Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	1.7	1.5	1	0.8	19	0.1
2022	3.1	2.5	4	5.6	1,309	6.7
2023	3.0	--	0	0.0	0	0.0
Moderate						
2021	28.4	24.8	44	35.5	8,986	42.6
2022	17.6	16.1	11	15.5	4,224	21.6
2023	17.7	--	16	24.6	2,971	24.2
Middle						
2021	35.2	38.7	57	46.0	8,330	39.5
2022	49.0	48.4	42	59.2	10,293	52.7
2023	48.9	--	32	49.2	6,021	49.0
Upper						
2021	34.7	35.0	22	17.7	3,776	17.9
2022	30.2	32.8	14	19.7	3,719	19.0
2023	30.2	--	17	26.2	3,304	26.9
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.2	0.2	0	0.0	0	0.0
2023	0.2	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**124**	**100.0**	**21,111**	**100.0**
2022	**100.0**	**100.0**	**71**	**100.0**	**19,545**	**100.0**
2023	**100.0**	**--**	**65**	**100.0**	**12,296**	**100.0**

Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Geographic Distribution of Home Mortgage Loans Assessment Area: Stanislaus-Merced AA						
Tract Income Level	**% of Owner-Occupied Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	1.3	1.3	0	0.0	0	0.0
2022	1.3	1.2	1	1.3	5,175	18.2
2023	1.3	--	0	0.0	0	0.0
Moderate						
2021	20.0	18.2	25	22.7	18,945	47.1
2022	13.0	13.5	18	22.5	6,120	21.5
2023	13.0	--	5	14.3	795	10.2
Middle						
2021	40.1	39.9	60	54.5	12,500	31.1
2022	51.2	48.9	36	45.0	11,540	40.6
2023	51.2	--	18	51.4	5,140	66.0
Upper						
2021	38.6	40.6	25	22.7	8,775	21.8
2022	34.2	36.2	25	31.3	5,595	19.7
2023	34.2	--	12	34.3	1,850	23.8
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.3	0.3	0	0.0	0	0.0
2023	0.3	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**110**	**100.0**	**40,220**	**100.0**
2022	**100.0**	**100.0**	**80**	**100.0**	**28,430**	**100.0**
2023	**100.0**	**--**	**35**	**100.0**	**7,785**	**100.0**

Source: 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Geographic Distribution of Small Business Loans Assessment Area: Fresno-Madera AA						
Tract Income Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	5.6	4.2	2	2.7	253	1.2
2022	7.8	5.9	6	8.8	2,315	10.4
2023	7.7	--	0	0.0	0	0.0
Moderate						
2021	26.0	21.9	35	46.7	10,692	52.3
2022	21.3	20.3	12	17.6	3,271	14.6
2023	21.4	--	16	26.7	5,311	32.0
Middle						
2021	22.5	24.7	13	17.3	4,482	21.9
2022	28.8	27.0	27	39.7	8,378	37.5
2023	28.5	--	21	35.0	4,500	27.1
Upper						
2021	44.7	48.4	25	33.3	4,998	24.5
2022	41.2	46.2	23	33.8	8,373	37.5
2023	41.6	--	23	38.3	6,767	40.8
Not Available						
2021	1.1	0.8	0	0.0	0	0.0
2022	0.9	0.7	0	0.0	0	0.0
2023	0.8	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**75**	**100.0**	**20,425**	**100.0**
2022	**100.0**	**100.0**	**68**	**100.0**	**22,337**	**100.0**
2023	**100.0**	**--**	**60**	**100.0**	**16,578**	**100.0**

Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Geographic Distribution of Small Farm Loans Assessment Area: Fresno-Madera AA						
Tract Income Level	**% of Farms**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	3.3	2.3	0	0.0	0	0.0
2022	4.8	3.5	0	0.0	0	0.0
2023	4.8	--	0	0.0	0	0.0
Moderate						
2021	24.5	22.8	5	45.5	668	41.9
2022	20.7	22.9	7	70.0	1,654	67.4
2023	20.6	--	0	0.0	0	0.0
Middle						
2021	30.9	37.8	4	36.4	573	35.9
2022	33.7	35.8	1	10.0	423	17.2
2023	33.4	--	1	20.0	250	30.7
Upper						
2021	41.2	37.1	2	18.2	355	22.2
2022	40.7	37.8	2	20.0	377	15.4
2023	41.1	--	4	80.0	565	69.3
Not Available						
2021	0.1	0.0	0	0.0	0	0.0
2022	0.1	0.0	0	0.0	0	0.0
2023	0.1	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**11**	**100.0**	**1,596**	**100.0**
2022	**100.0**	**100.0**	**10**	**100.0**	**2,454**	**100.0**
2023	**100.0**	**--**	**5**	**100.0**	**815**	**100.0**

Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Geographic Distribution of Home Mortgage Loans Assessment Area: Fresno-Madera AA						
Tract Income Level	**% of Owner-Occupied Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	2.7	1.9	4	5.1	1,080	1.2
2022	5.2	4.0	9	11.0	3,155	9.7
2023	5.2	--	2	5.3	680	8.0
Moderate						
2021	22.6	17.1	27	34.6	4,755	5.2
2022	18.5	16.7	20	24.4	4,050	12.5
2023	18.5	--	5	13.2	845	9.9
Middle						
2021	23.6	21.4	15	19.2	6,475	7.0
2022	27.4	26.1	19	23.2	17,505	53.9
2023	27.4	--	20	52.6	4,800	56.1
Upper						
2021	51.0	59.7	32	41.0	79,670	86.6
2022	48.9	53.2	33	40.2	7,405	22.8
2023	48.9	--	11	28.9	2,225	26.0
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	1	1.2	335	1.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**78**	**100.0**	**91,980**	**100.0**
2022	**100.0**	**100.0**	**82**	**100.0**	**32,450**	**100.0**
2023	**100.0**	**--**	**38**	**100.0**	**8,550**	**100.0**

Source: 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Geographic Distribution of Small Business Loans Assessment Area: Tulare AA						
Tract Income Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	1.0	0.9	0	0.0	0	0.0
2022	2.7	1.8	1	3.3	740	9.2
2023	2.6	--	0	0.0	0	0.0
Moderate						
2021	28.3	26.9	4	13.3	999	16.0
2022	24.7	24.7	14	46.7	2,765	34.3
2023	24.5	--	7	33.3	2,597	41.6
Middle						
2021	29.2	29.6	8	26.7	1,134	18.1
2022	31.8	32.0	4	13.3	1,736	21.5
2023	31.7	--	8	38.1	1,846	29.6
Upper						
2021	41.5	42.5	18	60.0	4,129	65.9
2022	40.9	41.4	11	36.7	2,826	35.0
2023	41.2	--	6	28.6	1,801	28.8
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**30**	**100.0**	**6,262**	**100.0**
2022	**100.0**	**100.0**	**30**	**100.0**	**8,067**	**100.0**
2023	**100.0**	**--**	**21**	**100.0**	**6,244**	**100.0**

Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Geographic Distribution of Home Mortgage Loans Assessment Area: Tulare AA						
Tract Income Level	**% of Owner-Occupied Housing Units**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	1.3	0.4	0	0.0	0	0.0
2022	0.8	0.8	1	2.4	225	2.5
2023	0.8	--	0	0.0	0	0.0
Moderate						
2021	23.6	14.4	4	15.4	950	2.4
2022	25.1	19.1	10	24.4	1,990	22.1
2023	25.1	--	6	33.3	1,130	27.9
Middle						
2021	31.8	28.1	4	15.4	380	1.0
2022	33.6	31.0	8	19.5	2,160	24.0
2023	33.6	--	5	27.8	1,435	35.4
Upper						
2021	43.3	57.1	18	69.2	37,750	96.6
2022	40.5	49.1	22	53.7	4,610	51.3
2023	40.5	--	7	38.9	1,485	36.7
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	0.0	0	0.0	0	0.0
2023	0.0	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**26**	**100.0**	**39,080**	**100.0**
2022	**100.0**	**100.0**	**41**	**100.0**	**8,985**	**100.0**
2023	**100.0**	**--**	**18**	**100.0**	**4,050**	**100.0**

Source: 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Borrower Profile

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Stanislaus-Merced AA						
Gross Revenue Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2021	86.8	48.0	35	28.2	3,648	17.3
2022	88.0	54.1	27	38.0	7,881	40.3
2023	89.1	--	27	41.5	2,708	22.0
>$1,000,000						
2021	3.9	--	45	36.3	13,703	64.9
2022	3.5	--	41	57.7	10,984	56.2
2023	3.1	--	32	49.2	8,188	66.6
Revenue Not Available						
2021	9.3	--	44	35.5	3,760	17.8
2022	8.5	--	3	4.2	680	3.5
2023	7.8	--	6	9.2	1,400	11.4
Totals						
2021	**100.0**	**100.0**	**124**	**100.0**	**21,111**	**100.0**
2022	**100.0**	**100.0**	**71**	**100.0**	**19,545**	**100.0**
2023	**100.0**	**--**	**65**	**100.0**	**12,296**	**100.0**

Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Stanislaus-Merced AA						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	22.9	2.6	10	9.1	1,040	2.6
2022	21.6	3.3	10	12.5	750	2.6
2023	21.6	--	1	2.9	135	1.7
Moderate						
2021	17.2	10.9	11	10.0	1,745	4.3
2022	17.8	10.6	17	21.3	2,785	9.8
2023	17.8	--	7	20.0	845	10.9
Middle						
2021	18.3	23.4	16	14.5	2,870	7.1
2022	19.4	23.3	14	17.5	1,310	4.6
2023	19.4	--	4	11.4	250	3.2
Upper						
2021	41.6	44.7	53	48.2	12,905	32.1
2022	41.3	44.4	28	35.0	6,960	24.5
2023	41.3	--	20	57.1	4,320	55.5
Not Available						
2021	0.0	18.4	20	18.2	21,660	53.9
2022	0.0	18.3	11	13.8	16,625	58.5
2023	0.0	--	3	8.6	2,235	28.7
Totals						
2021	**100.0**	**100.0**	**110**	**100.0**	**40,220**	**100.0**
2022	**100.0**	**100.0**	**80**	**100.0**	**28,430**	**100.0**
2023	**100.0**	**--**	**35**	**100.0**	**7,785**	**100.0**

Source: 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Fresno-Madera AA						
Gross Revenue Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2021	87.5	40.9	24	32.0	8,597	42.1
2022	89.1	48.6	32	47.1	11,886	53.2
2023	90.5	--	20	33.3	2,695	16.3
>$1,000,000						
2021	3.9	--	26	34.7	7,324	35.9
2022	3.3	--	34	50.0	9,911	44.4
2023	2.8	--	36	60.0	13,014	78.5
Revenue Not Available						
2021	8.6	--	25	33.3	4,504	22.1
2022	7.6	--	2	2.9	540	2.4
2023	6.7	--	4	6.7	869	5.2
Totals						
2021	**100.0**	**100.0**	**75**	**100.0**	**20,425**	**100.0**
2022	**100.0**	**100.0**	**68**	**100.0**	**22,337**	**100.0**
2023	**100.0**	**--**	**60**	**100.0**	**16,578**	**100.0**

Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Distribution of Small Farm Loans by Gross Annual Revenue Category Assessment Area: Fresno-Madera AA						
Gross Revenue Level	**% of Farms**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2021	91.3	51.3	3	27.3	364	22.8
2022	92.7	53.2	5	50.0	1,060	43.2
2023	93.5	--	2	40.0	355	43.6
>$1,000,000						
2021	6.7	--	6	54.5	1,063	66.6
2022	5.5	--	5	50.0	1,394	56.8
2023	4.8	--	3	60.0	460	56.4
Revenue Not Available						
2021	2.1	--	2	18.2	169	10.6
2022	1.8	--	0	0.0	0	0.0
2023	1.7	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**11**	**100.0**	**1,596**	**100.0**
2022	**100.0**	**100.0**	**10**	**100.0**	**2,454**	**100.0**
2023	**100.0**	**--**	**5**	**100.0**	**815**	**100.0**

Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Fresno-Madera AA						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	24.9	2.0	5	6.4	1,785	1.9
2022	24.0	2.9	14	17.1	1,850	5.7
2023	24.0	--	3	7.9	115	1.3
Moderate						
2021	16.1	9.1	11	14.1	1,265	1.4
2022	16.6	9.8	13	15.9	2,225	6.9
2023	16.6	--	9	23.7	1,135	13.3
Middle						
2021	16.7	19.3	10	12.8	1,330	1.4
2022	17.6	20.7	12	14.6	1,900	5.9
2023	17.6	--	5	13.2	325	3.8
Upper						
2021	42.3	50.4	32	41.0	9,060	9.9
2022	41.8	49.4	26	31.7	5,470	16.9
2023	41.8	--	14	36.8	3,200	37.4
Not Available						
2021	0.0	19.2	20	25.6	78,540	85.4
2022	0.0	17.2	17	20.7	21,005	64.7
2023	0.0	--	7	18.4	3,775	44.2
Totals						
2021	**100.0**	**100.0**	**78**	**100.0**	**91,980**	**100.0**
2022	**100.0**	**100.0**	**82**	**100.0**	**32,450**	**100.0**
2023	**100.0**	**--**	**38**	**100.0**	**8,550**	**100.0**

Source: 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Tulare AA						
Gross Revenue Level	**% of Businesses**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000						
2021	84.5	46.7	12	40.0	3,248	51.9
2022	85.9	55.0	19	63.3	4,986	61.8
2023	87.0	--	9	42.9	1,308	20.9
>$1,000,000						
2021	4.4	--	11	36.7	2,669	42.6
2022	4.0	--	10	33.3	2,731	33.9
2023	3.5	--	12	57.1	4,936	79.1
Revenue Not Available						
2021	11.1	--	7	23.3	345	5.5
2022	10.2	--	1	3.3	350	4.3
2023	9.5	--	0	0.0	0	0.0
Totals						
2021	**100.0**	**100.0**	**30**	**100.0**	**6,262**	**100.0**
2022	**100.0**	**100.0**	**30**	**100.0**	**8,067**	**100.0**
2023	**100.0**	**--**	**21**	**100.0**	**6,244**	**100.0**

Source: 2021, 2022, & 2023 D&B Data; Bank Data; 2021 & 2022 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Distribution of Home Mortgage Loans by Borrower Income Level Assessment Area: Tulare AA						
Borrower Income Level	**% of Families**	**Aggregate Performance % of #**	**#**	**%**	**$(000s)**	**%**
Low						
2021	23.3	1.6	2	7.7	270	0.7
2022	22.9	2.5	2	4.9	190	2.1
2023	22.9	--	3	16.7	795	19.6
Moderate						
2021	17.6	8.8	2	7.7	280	0.7
2022	17.2	9.9	9	22.0	1,605	17.9
2023	17.2	--	1	5.6	35	0.9
Middle						
2021	16.8	17.1	3	11.5	365	0.9
2022	17.3	21.0	3	7.3	295	3.3
2023	17.3	--	1	5.6	25	0.6
Upper						
2021	42.3	47.5	10	38.5	2,090	5.3
2022	42.7	45.6	24	58.5	6,110	68.0
2023	42.7	--	9	50.0	2,095	51.7
Not Available						
2021	0.0	25.0	9	34.6	36,075	92.3
2022	0.0	21.0	3	7.3	785	8.7
2023	0.0	--	4	22.2	1,100	27.2
Totals						
2021	**100.0**	**100.0**	**26**	**100.0**	**39,080**	**100.0**
2022	**100.0**	**100.0**	**41**	**100.0**	**8,985**	**100.0**
2023	**100.0**	**--**	**18**	**100.0**	**4,050**	**100.0**

Source: 2020 U.S. Census; Bank Data, 2021 & 2022 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

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

1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
    i. The proportion of the bank's lending in the bank's assessment area(s);
    ii. The dispersion of lending in the bank's 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

Tri Counties Bank	
Scope of Examination: Full scope reviews were performed on following assessment areas within the noted rate areas: State of California: Sacramento AA Bay Area Assessment Area Butte AA Shasta-Tehama AA Rural Northern CA and North Coast AA Kern AA	
Time Period Reviewed:	January 20, 2021 to May 6, 2024
Products Reviewed: Small Business Loans: (1/1/2021 through 12/31/2023) Home Mortgage Loans: (1/1/2021 through 12/31/2023) Small Farm Loans: (1/1/2021 through 12/31/2023) Community Development Loans, Investments, Services: (January 20, 2021 to May 6, 2024)	

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

DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS

Stanislaus-Merced AA

This AA includes all census tracts in Stanislaus and Merced County, which is wholly contained within the Modesto, CA MSA #33700 and Merced, CA #32900. The institution operates four branches in the AA. There were no changes to the delineated AA during the evaluation period.

Economic and Demographic Data

In 2021, based on the 2015 ACS, the AA consists of 143 CTs: 5 low-, 47 moderate-, 55 middle-, 36 upper-income, and no CTs without an income designation. As of 2023, based on the 2020 U.S. Census, the AA consisted of 175 CTs: 6 low-, 32 moderate-, 90 middle-, 46 upper-income, and 1 CTs without an income designation. There are no distressed and underserved tracts in these two counties. The following table shows select demographic, housing, business, and farm information within the AA.

Demographic Information of the Assessment Area Assessment Area: Stanislaus-Merced AA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	175	3.4	18.3	51.4	26.3	0.6
Population by Geography	834,080	2.5	18.1	51.0	28.0	0.4
Housing Units by Geography	268,930	2.7	17.5	52.1	27.3	0.4
Owner-Occupied Units by Geography	145,155	1.3	13.0	51.2	34.2	0.3
Occupied Rental Units by Geography	110,977	4.5	23.4	52.7	18.9	0.4
Vacant Units by Geography	12,798	3.3	17.3	57.5	21.2	0.8
Businesses by Geography	55,039	3.0	17.7	48.9	30.2	0.2
Farms by Geography	3,962	0.8	11.1	55.8	32.1	0.3
Family Distribution by Income Level	192,089	21.6	17.8	19.4	41.3	0.0
Household Distribution by Income Level	256,132	23.2	16.8	18.6	41.4	0.0
Median Family Income MSA - 32900 Merced, CA MSA		$61,162	Median Housing Value			$300,649
Median Family Income MSA - 33700 Modesto, CA MSA		$69,654	Median Gross Rent			$1,176
			Families Below Poverty Level			12.0%

Source: 2020 U.S. Census and 2023 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

As of 2023, the AA's businesses reported GARs as follows:

- 89.1 percent reported $1.0 million or less;
- 3.1 percent reported more than $1.0 million; and
- 7.8 percent did not report revenues.

The 2023 D&B data indicated that services represent the largest industry at 33.4 percent of businesses. This is followed by non-classified establishments at 17.1 percent; retail trade at 12.7 percent; finance, insurance, & real estate at 8.8 percent, and transportation and communication at 8.3 percent. In addition, 67.1 percent of area businesses have 4 or fewer employees, and 91.9 percent operate from a single location.

The unemployment rate for Stanislaus County is moderately higher than the state and the national average, while the Merced County's unemployment rate is significantly higher. Furthermore, the unemployment conditions did not improve and reflected an upward trend.

Unemployment Rates				
Area	**2021**	**2022**	**2023**	**2024**
	%	**%**	**%**	**%**
Stanislaus County	6.1	5.5	6.9	7.0
Merced County	8.4	8.1	9.7	10.5
State of CA	5.5	4.4	5.1	5.3
National Average	3.9	3.5	3.7	3.9
Source: Bureau of Labor Statistics				

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

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Merced, CA MSA Median Family Income (32900)				
2023 ($67,400)	<$33,700	$33,700 to <$53,920	$53,920 to <$80,880	≥$80,880
Modesto, CA MSA Median Family Income (33700)				
2023 ($92,600)	<$46,300	$46,300 to <$74,080	$74,080 to <$111,120	≥$111,120
Source: FFIEC				

According to the April 2024 Moody's Analytics Precis Report, the economy has been a strong recent performer in the west. Nonfarm payrolls have expanded rapidly since mid-2022. Healthcare continues to excel with manufacturing gaining traction. The unemployment rate since last spring remains unchanged while labor forces dipped slightly. Single-family home appreciation has slowed which is in line with the state and national averages. Construction is still sluggish. The University of CA, Merced drove nonfarm employment gains. The university's investments in the new academic programs and initiatives have increased college applications for the fall of 2024. Strong enrollment trends will solidify the need for university faculty and staff. Relatively lower tuition

versus other University of CA system schools kept the student population in a positive direction. The number of students will support the broader economy as most students live off campus. The area boasts a lower cost of living than the state as a whole. An expanding population base supports demand for state and local government services as a result brings public sector jobs. Public sector jobs are impactful to the area because the economy relies on public sector for mid-wage jobs. Nearly the government employs a quarter of the area's nonfarm workers. Strengths of the area include a presence of a prominent university, strong population trends and favorable age demographics. Weaknesses include numerous jobs in low-skilled and low paying agriculture/food manufacturing, low per capita income, high poverty rate, few high technology jobs, and exposure to volatility in commodity prices. The top five employers include, Mercy Medical Center Merced, Foster Farms AG Inc., Quad Graphics Merced, and Hilmar Cheese Company.

The market for financial services is highly competitive. According to the June 30, 2023 Deposit Market Share Report, 30 institutions operated 107 branches and held $17.1 billion in deposits within the AA. The institution operates 4 branches and ranked 13th with a market share of 3.7 percent of deposits. The top financial institutions by market share are Wells Fargo Bank NA, BMO Harris Bank NA, West America Bank, Bank of America NA, and JP Morgan Chase NA.

In 2022, the institution ranked 28th out of 114 reporting lenders, with 0.4 percent of the market share by number of small business loans originated or purchased in the AA. The small business competition is high given that the bank competes with several large national lenders such as American Express NA, JP Morgan Chase NA, Bank of America NA, Citibank NA, and US Bank NA.

In 2022, the institution ranked 55th out of 533 reporting lenders, with 0.4 percent of the market share by number of home mortgage loans originated or purchased in the AA. It is important to note that the bank compete with credit unions and mortgage companies such as United Wholesale Mortgage, Rocket Mortgage, Bank of America NA, Wells Fargo Bank NA, and Cross Country Mortgage LLC.

Fresno-Madera AA

This AA includes all census tracts in Fresno and Madera County, which is wholly contained within the Fresno, CA MSA #23420. The institution operates four branches in the AA. There were no changes to the delineated AA during the evaluation period.

Economic and Demographic Data

In 2021, based on the 2015 ACS, the AA consists of 222 CTs: 18 low-, 75 moderate-, 50 middle-, 77 upper-income, and 2 CTs without an income designation. As of 2023, based on the 2020 U.S. Census, the AA consisted of 259 CTs: 28 low-, 73 moderate-, 67 middle-, 90 upper-income, and 1 CTs without an income designation. There are no distressed and underserved tracts in these two counties. The following table shows select demographic, housing, business, and farm information within the AA.

Demographic Information of the Assessment Area Assessment Area: Fresno-Madera AA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	259	10.8	28.6	25.5	34.7	0.4
Population by Geography	1,164,909	10.7	27.9	26.6	34.7	0.1
Housing Units by Geography	383,837	9.8	26.4	27.4	36.3	0.1
Owner-Occupied Units by Geography	195,690	5.2	18.5	27.4	48.9	0.0
Occupied Rental Units by Geography	158,886	15.5	36.9	26.5	20.8	0.2
Vacant Units by Geography	29,261	9.4	21.9	31.7	36.5	0.5
Businesses by Geography	95,651	7.7	21.4	28.5	41.6	0.8
Farms by Geography	5,277	4.8	20.6	33.4	41.1	0.1
Family Distribution by Income Level	259,017	24.0	16.6	17.6	41.8	0.0
Household Distribution by Income Level	354,576	25.6	15.8	16.2	42.4	0.0
Median Family Income MSA - 23420 Fresno, CA MSA		$64,036	Median Housing Value			$257,713
Median Family Income MSA - 31460 Madera, CA MSA		$65,627	Median Gross Rent			$1,064
			Families Below Poverty Level			16.4%

Source: 2020 U.S. Census and 2023 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

As of 2023, the AA's businesses reported GARs as follows:

- 90.5 percent reported $1.0 million or less;
- 2.8 percent reported more than $1.0 million; and
- 6.7 percent did not report revenues.

The 2023 D&B data indicated that services represent the largest industry at 32.6 percent of businesses. This is followed by non-classified establishments at 20.9 percent; retail trade at 11.5 percent; finance, insurance, & real estate at 8.8 percent, and transportation and communication at 9.6 percent. In addition, 64.6 percent of area businesses have 4 or fewer employees, and 93 percent operate from a single location.

The unemployment rate for Fresno and Madera Counties is moderately higher than the state and the national average. Furthermore, the unemployment conditions did not improve and reflected an upward trend.

Unemployment Rates				
Area	2021	2022	2023	2024
	%	%	%	%
Fresno County	7.0	6.6	8.1	8.4
Madera County	6.7	6.4	7.8	8.3
State of CA	5.5	4.4	5.1	5.3
National Average	3.9	3.5	3.7	3.9
Source: Bureau of Labor Statistics				

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

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Fresno, CA MSA Median Family Income (23420)				
2023 ($79,400)	<$39,700	$39,700 to <$63,520	$63,520 to <$95,280	≥$95,280
Madera, CA MSA Median Family Income (31460)				
2023 ($81,600)	<$40,800	$40,800 to <$65,280	$65,280 to <$97,920	≥$97,920
Source: FFIEC				

According to the March 2024 Moody's Analytics Precis Report, the economy is back on track following a late 2023 slowdown. The rebound was driven by healthcare, logistics, and the public sector. However, consumer industries have not reflected similar performance. A surge in the jobless rate caused the unemployment to rise faster than the national average. The home prices in the area declined despite a limited supply of inventory. The farm economy is weak given the low crop prices. The area is known to a be major producer for almonds. Local crop product declined for a second straight year reflecting a combination of reductions in acreage in farmland. Additionally, the area was affected by unfavorable weather conditions. The financial strain hurt farm income and deterred new investments. Employment in healthcare was also slow. This industry is a key provider of high wage positions for the metro. The hospitals are not receiving adequate reimbursement from the state and federal authorities as Medicaid payments have failed to keep up with elevated medical costs. Therefore, hospitals in the area face an uphill battle in attracting talent and competes with higher wage areas such as San Jose and San Francisco. Strengths of the area include a stable population growth, lower cost of living, attraction for distribution, transportation, warehouse firms, and above average home appreciation. The weaknesses include few high technology jobs, below average household income, high poverty rates, elevated employment volatility, low educational attainment, and numerous low wage industries.

The market for financial services is highly competitive. According to the June 30, 2023 Deposit Market Share Report, 36 institutions operated 136 branches and held $26.5 billion in deposits within the AA. The institution operates 2 branches and ranked 14th with a market share of 1.5 percent of deposits. The top financial institutions by market share are Wells Fargo Bank NA, Bank

of America NA, JP Morgan Chase NA, West America Bank NA, and Central Valley Community Bank.

In 2022, the institution ranked 38th out of 120 reporting lenders, with 0.3 percent of the market share by number of small business loans originated or purchased in the AA. The small business competition is high given that the bank competes with several large national lenders, such as American Express NA, JP Morgan Chase NA, Bank of America NA, Citibank, NA, and Lake Forest Bank & Trust Company NA.

In 2022, the institution ranked 68th out of 598 reporting lenders, with 0.3 percent of the market share by number of home mortgage loans originated or purchased in the AA. It is important to note that the bank compete with credit unions and mortgage companies such as United Wholesale Mortgage, Rocket Mortgage, Educational Employees Credit Union, Alameda Mortgage Corporation, and Wells Fargo Bank NA.

Tulare AA

This AA includes all census tracts in Tulare County, which is wholly contained within the Visalia-Porterville, CA MSA #47300. The institution operates one branch in the AA. There were no changes to the delineated AA during the evaluation period.

Economic and Demographic Data

In 2021, based on the 2015 ACS, the AA consists of 78 CTs: 2 low-, 26 moderate-, 26 middle-, 23 upper-income, and 1 CT without an income designation. As of 2023, based on the 2020 U.S. Census, the AA consisted of 103 CTs: 2 low-, 34 moderate-, 35 middle-, 31 upper-income, and 1 CTs without an income designation. There are no distressed and underserved tracts in these two counties. The following table shows select demographic, housing, business, and farm information within the AA.

Demographic Information of the Assessment Area Assessment Area: Tulare AA						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	103	1.9	33.0	34.0	30.1	1.0
Population by Geography	473,117	1.7	32.0	33.8	32.4	0.0
Housing Units by Geography	150,079	1.8	30.7	33.8	33.7	0.0
Owner-Occupied Units by Geography	79,353	0.8	25.1	33.6	40.5	0.0
Occupied Rental Units by Geography	59,691	3.2	40.0	32.3	24.6	0.0
Vacant Units by Geography	11,035	1.4	21.0	43.3	34.3	0.0
Businesses by Geography	26,179	2.6	24.5	31.7	41.2	0.0
Farms by Geography	2,435	0.9	22.3	37.9	38.9	0.0
Family Distribution by Income Level	108,328	22.9	17.2	17.3	42.7	0.0
Household Distribution by Income Level	139,044	24.1	15.9	17.4	42.5	0.0
Median Family Income MSA - 47300 Visalia, CA MSA		$55,395	Median Housing Value			$222,389
			Median Gross Rent			$978
			Families Below Poverty Level			18.4%

Source: 2020 U.S. Census and 2023 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.

As of 2023, the AA's businesses reported GARs as follows:

- 86.9 percent reported $1.0 million or less;
- 3.5 percent reported more than $1.0 million; and
- 9.5 percent did not report revenues.

The 2023 D&B data indicated that services represent the largest industry at 35.6 percent of businesses. This is followed by non-classified establishments at 15.1 percent; retail trade at 12.9 percent; finance, insurance, & real estate at 9.3 percent, and agriculture, forestry & fishing at 8.5 percent and construction at 6.8 percent. In addition, 90.5 percent of area businesses have 4 or fewer employees, and 66.7 percent operate from a single location.

The unemployment rate for Tulare County is significantly higher than the state and the national average. Furthermore, the unemployment conditions did not improve and reflected an upward trend.

Unemployment Rates				
Area	**2021**	**2022**	**2023**	**2024**
	%	**%**	**%**	**%**
Tulare County	8.2	8.6	10.9	10.8
State of CA	5.5	4.4	5.1	5.3
National Average	3.9	3.5	3.7	3.9
Source: Bureau of Labor Statistics				

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

Median Family Income Ranges				
Median Family Incomes	**Low <50%**	**Moderate 50% to <80%**	**Middle 80% to <120%**	**Upper ≥120%**
Visalia, CA MSA Median Family Income (47300)				
2023 ($67,700)	<$33,850	$33,850 to <$54,160	$54,160 to <$81,240	≥$81,240
Source: FFIEC				

According to the March 2024 Moody's Analytics Precis Report, the economy has lost momentum. The total employment rate is further above a year ago. Manufacturing and local government payrolls has not reflected any increase. Paired with modest labor gains, the labor market is absorbing new workers. The home appreciation prices are slowing more than the national average. The agriculture industries are also lost ground due to weak commodity prices and extreme weather conditions that affected crop production. Lower prices for crops hurt margins for farmers, and increased prices for fertilizers and fuels took a toll. Finally, decreased direct government payments to farmers limited growth in agriculture. Factory payrolls also expanded at a slower pace than the state and the nation. The area is dependent on manufacturing industries. The below average population growth deeply affected the labor force growth and capped demand for consumer industries including leisure/hospitality, retail, healthcare and personal services. Reliance on low wage industries such as agriculture and food processing put a ceiling on incomes. The share of residents with a bachelor's degree is well below the state and national averages therefore the metro area is unlikely for investment from high valued businesses that would attract new residents. Strengths of the area include good transportation, infrastructure, and proximity to major economic centers. The weakness comprises of exposure to tariffs, trade policy changes, persistent out migration, low per capita income, low education attainment, high volatility, and high poverty rates. The top five employers are Kaweah Delta Healthcare, Sierra View District Hospital, Walmart, and College of the Sequoias.

The market for financial services is highly competitive. According to the June 30, 2023 Deposit Market Share Report, 20 institutions operated 50 branches and held $7.1 billion in deposits within the AA. TCBK operates 1 branch and ranked 15th with a market share of 2.0 percent of deposits. The top financial institutions by market share are Bank of the Sierra, Bank of America NA, Wells Fargo Bank NA, JP Morgan Chase NA, and BMO Harris Bank NA.

In 2022, TCBK ranked 29th out of 87 reporting lenders, with 0.4 percent of the market share by number of small business loans originated or purchased in the AA. The small business competition is high given that the bank competes with several large national lenders, such as American Express NA, Bank of America NA, Citibank, NA, Synchrony Bank, and JP Morgan Chase NA.

In 2022, TCBK ranked 59th out of 439 reporting lenders, with 0.4 percent of the market share by number of home mortgage loans originated or purchased in the AA. The bank competes with credit unions and mortgage companies such as Country Club Mortgage Inc., Rocket Mortgage, United Wholesale Mortgage, Wells Fargo Bank NA, and Pennymac Loan Services LLC.

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 CTs is to provide a stable set of geographic units for the presentation of statistical data. CTs generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. CT boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are CT 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 <u>financial</u> 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 CT 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.