

PUBLIC DISCLOSURE

September 23, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community Valley Bank
Certificate Number: 58500

1443 West Main Street
El Centro, California 92244

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 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 areas (AA), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

The following factors support the institution's rating.

- The loan-to-deposit (LTD) ratio is more than reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and credit needs in its AAs.
- A substantial majority of loans are made in the institution's AAs.
- The geographic distribution of loans reflects excellent dispersion throughout the AAs.
- The distribution of borrowers reflects, given the demographics of the AAs, excellent penetration among businesses of different sizes.
- The institution has not received any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the overall rating.
- The institution's investment record enhances credit availability in its AAs.

DESCRIPTION OF INSTITUTION

Community Valley Bank (CVB) is a state-chartered, non-member commercial institution headquartered in El Centro, California. El Centro is located in Imperial County. The institution operates five full-service brick-and-mortar branches in southern California of which three are in moderate-, one is in a middle-, and the remaining is in an upper-income census tract (CT). Additionally, the institution operates one standalone withdrawal-only ATM in a moderate-income CT. CVB is wholly-owned by CMUV Bancorp, a one-institution holding company located in El Centro. The institution received an "Outstanding" rating at its previous FDIC CRA Performance Evaluation dated August 20, 2018, based on Interagency Small Institution Examination Procedures. No merger or acquisition activity has occurred since the previous evaluation. In July 2022, the institution closed a loan processing office located in La Mesa, California and a branch located in Palm Desert, California which were in a middle- and upper-income CT, respectively. In July 2022, the institution opened a branch in a moderate-income CT in Indio, California.

CVB's primary lending focus is providing commercial loans to small- and medium-sized businesses. There has been no change in the primary business focus since the previous evaluation. CVB is a Small Business Administration (SBA) preferred lender and offers a variety of business and agricultural loan products including business lines of credit, business equipment loans, commercial real estate loans, SBA loans, United States Department of Agriculture loans, farm loans, and construction loans. Additionally, the institution participates in the Individual Development and Empowerment Account (IDEA) and Workforce Initiative Subsidy for Homeownership (WISH) programs as well as the Future Farmers of America and 4-H Lending Programs. Refer to the Additional Loan Programs section for further details.

Furthermore, CVB offers various deposit products to meet both business and consumer banking needs including checking, savings, money market, and certificate of deposit accounts. Other banking products offered by the institution include ATM/debit cards and individual retirement accounts. Alternative banking services offered by CVB include online, telephone, and mobile banking; remote deposit capture; and automated clearing house originations.

During the COVID-19 pandemic, the institution originated 307 SBA Paycheck Protection Program (PPP) loans totaling \$39.3 million in 2020 and 184 SBA PPP loans in 2021 totaling \$23.2 million. According to the June 30, 2024 Call Report, the institution reported total assets of approximately \$310.6 million, total loans of approximately \$256.7 million, total deposits of approximately \$265.3 million, and total equity capital of approximately \$36.0 million. The following table illustrates the institution's loan portfolio distribution as of June 30, 2024.

Loan Portfolio Distribution as of 06/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	6,773	2.6
Secured by Farmland	18,262	7.1
Secured by 1-4 Family Residential Properties	23,579	9.2
Secured by Multifamily (5 or more) Residential Properties	36,842	14.3
Secured by Nonfarm Nonresidential Properties	155,660	60.6
Total Real Estate Loans	241,116	93.8
Commercial and Industrial Loans	13,494	5.3
Agricultural Production and Other Loans to Farmers	1,992	0.8
Consumer Loans	139	0.1
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	3	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	256,744	100.0
<i>Source: Reports of Condition and Income – 06/30/2024</i>		
<i>Due to rounding, totals may not equal 100.0 %</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. CVB’s AAs are contiguous and consist of the entirety of Imperial County, the Coachella Valley area of Riverside County, and three CTs in San Diego County. The individual AAs are discussed below:

- **Imperial County AA** – The Imperial County AA is comprised of the entirety of Imperial County, which constitutes the El Centro, California MSA #20940.
- **Coachella Valley AA** – The Coachella Valley AA is comprised of a portion of Riverside County, California and is delineated by the San Jacinto and Santa Rosa Mountains in the west, the Riverside/San Bernadino County line in the north, the Riverside/Imperial County line in the south, and CT 0469.00 in the east.
- **Julian/Borrego Springs AA** – The Julian/Borrego Springs AA consists of one moderate-, one middle-, and one upper-income CT in San Diego County, California.

The following table details the counties, number of CTs, and distribution of branches among the institution’s three individual AAs.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of CTs	# of Branches
Imperial County AA	Imperial County	40	2
Coachella Valley AA	Partial Riverside County	120	1
Julian/Borrego Springs AA	Partial San Diego County	3	2
<i>Source: 2020 U.S. Census; Institution Records</i>			

The delineated AAs comply with the technical requirements of the CRA Regulations and do not arbitrarily exclude any LMI areas. Institution management selected these geographies based on the location of the institution’s offices and the expectation of attracting and retaining a customer base within these geographies. Additionally, the Census Bureau released the updated 2020 U.S. Census data during the evaluation period. The update included changes in the total number of CTs within the AAs and income tract designations. Refer to the individual AAs for additional information.

SCOPE OF EVALUATION

General Information

The evaluation covers the period from the previous evaluation date of August 20, 2018, to the current evaluation date of September 23, 2024. Examiners used Interagency Small Institution Examination Procedures to evaluate CVB’s CRA performance. Examiners relied on institution records, public financial and loan information, demographic data, and information obtained from one community contact interview.

The Imperial County AA carries the greatest weight and was reviewed using full-scope examination procedures as it is where the institution’s headquarters is located and where a majority of loan and deposit activities are generated. The Coachella Valley AA carries less weight and was reviewed using limited-scope examination procedures as the AA was reviewed using full-scope examination procedures at the previous evaluation; 3.7 percent of the institution’s deposits are in the AA; and the institution has a deposit market share of less than 0.1 percent in the AA. The Julian/Borrego Springs AA was reviewed using limited-scope examination procedures and carries minimal weight in the overall conclusions given the minimal number of CTs in the AA. The institution did not originate or purchase any CRA-applicable loans within the Julian/Borrego Springs AA during the analysis years. This AA was not reviewed during the previous evaluation due to the timing of it became a part of the bank’s AAs.

Activities Reviewed

Examiners determined that the institution’s major product line is small business loans considering the institution’s business strategy, and the number and dollar volume of loans originated or purchased during the evaluation period. CVB is not a HMDA reporter and made no HMDA loans during the analysis years. The bank’s small farm loans during the analysis years were also nominal, especially in 2023 that CVB only made three small farm loans. No other loan types, including home mortgage and small farm loans, represent a major product line and provide no material support for conclusions or ratings; therefore, they are not presented in this Performance Evaluation.

Examiners reviewed the universe of small business loans originated from January 1, 2022, to December 31, 2023. In 2022, CVB originated or purchased 34 small business loans totaling approximately \$10.4 million. In 2023, CVB originated or purchased 16 small business loans totaling \$6.2 million. CVB management indicated that the institution's loan originations and purchases remained consistent throughout the evaluation period. Examiners compared the small business loans to 2022 and 2023 D&B data for the geographic distribution and borrower profile of loans in the institution's AAs. The 2022 and 2023 D&B data is based on geographic location using the 2020 U.S. Census data boundaries for the total number of businesses within the AAs and the reported gross annual revenues for those businesses. Examiners reviewed the number and dollar volume of small business loans for the Lending Test. While both the number and dollar volume of loans are presented, examiners emphasized performance by the number of loans as it is a stronger indicator of the number of businesses served.

Additionally, examiners analyzed the institution's PPP lending activity and noted its positive impact in meeting the small business credit needs throughout the AAs during the COVID-19 pandemic. These loans were given positive consideration in this evaluation but are not presented in the Lending Test analysis as examiners evaluated recent years performance. At the request of the institution, examiners also reviewed qualified community development investments and donations since the previous evaluation date through the current evaluation date.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The overall rating is "Outstanding". This performance is supported by a more than reasonable LTD ratio, a substantial majority of loans made in the institution's AAs, excellent geographic distribution dispersion, and excellent borrower profile penetration. Greater weight is placed on the institution's performance in the Imperial County AA in determining the overall rating.

Loan-to-Deposit Ratio

CVB's LTD ratio is more than reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and credit needs of its AAs. CVB's net LTD ratio, which is calculated from Call Report data, averaged 90.2 percent over the previous 24 quarters from September 30, 2018, to June 30, 2024. The ratio ranged from a low of 79.1 percent as of June 30, 2022, to a high of 99.9 percent as of March 31, 2020. This ratio shows an increase since the previous evaluation where the institution had an average net LTD ratio of 86.1 percent, representing a more than reasonable level. Overall, the institution's LTD ratio is more than reasonable.

Examiners were unable to identify similarly-situated institutions operating within the AAs with a substantially similar lending focus. The following table illustrates the institution's average net LTD ratio.

Loan-to-Deposit Ratio Comparison		
Institution	Total Assets as of 06/30/2024 (\$000s)	Average Net LTD Ratio (%)
Community Valley Bank	310,643	90.2
<i>Source: Reports of Condition and Income 09/30/2018 through 06/30/2024</i>		

Assessment Area Concentration

A substantial majority of small business loans are made in the institution’s AAs. The percentage of small business loans originated within CVB’s AAs reflects its commitment to lend within the communities it serves. CVB has significantly improved since the previous evaluation where the bank made a majority of small business loans within the AAs. The following table illustrates the institution’s lending performance.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000s)	%	\$(000s)	%	
Small Business										
2022	31	91.2	3	8.8	34	9,023	86.6	1,400	13.4	10,423
2023	13	81.3	3	18.8	16	5,122	82.3	1,103	17.7	6,225
Subtotal	44	88.0	6	12.0	50	14,145	85.0	2,503	15.0	16,648
Total	44	88.0	6	12.0	50	14,145	85.0	2,503	15.0	16,648
<i>Source: Institution Data: 01/01/2022 – 12/31/2023 Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the AAs. Performance is consistent in the Imperial County and inconsistent in the Coachella Valley and Julian/Borrego Springs AA. This conclusion is supported by an excellent performance in the Imperial County and Coachella Valley AAs, with greater weight placed on the Imperial County AA. Refer to the individual AA sections of the evaluation for geographic distribution information specific to each AA.

Borrower Profile

The distribution of borrowers reflects excellent penetration of loans among businesses of different revenue sizes. Performance is consistent in the Imperial County AA and inconsistent in the Coachella Valley and Julian/Borrego Springs AAs. This conclusion is supported by an excellent performance in the Imperial County AA, which was the most heavily weighted AA. Refer to the individual AA sections of the evaluation for borrower profile information specific to each AA.

Additional Loan Programs

Future Farmers of America and 4-H Lending Programs

The Future Farmers of America and 4-H lending programs allow students to purchase and raise livestock and take it to the Imperial County Fair's junior livestock auction. The auction teaches the students useful business skills for any future profession, including critical thinking, responsible financial management, and self-reliance. During the evaluation period, the institution originated 68 loans totaling \$99,208. The institution's involvement in these programs increases the availability of credit products within the AAs.

IDEA and WISH Programs

The IDEA and WISH programs are down-payment assistance initiatives that provide grants to LMI individuals to purchase their first home. The programs provide up to \$15,000 to each participating household, matching up to \$3 for each \$1 contributed by the homebuyer(s). CVB is the only institution in Imperial County that participates in these programs. During the evaluation period, the institution provided 9 grants totaling \$173,000. The institution's involvement in these programs increases the availability of credit products within the AAs.

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the overall rating.

QUALIFIED INVESTMENTS AND SERVICES

In addition to the Small Institution Examination Procedures criteria, the institution requested to have its community development investments and donations within the AAs considered as part of the evaluation. CVB maintained one prior period investment of \$115,000 in a municipal bond to modernize, renovate, furnish, and otherwise improve a school district's facilities. Of the students in the school district, 88.2 percent are eligible for the free and reduced lunch program, which is significantly above the state average of 61.2 percent. Additionally, the institution made 16 donations totaling \$55,800 that consisted primarily of community services provided to LMI individuals and families. CVB's qualified investment and donation activity reflects favorably on the institution and provides additional support to the overall "Outstanding" CRA Rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

IMPERIAL COUNTY ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE IMPERIAL COUNTY ASSESSMENT AREA

The institution operates two branches in the Imperial County AA of which one is in a moderate-income CT, and one is in an upper-income CT.

The Imperial County AA accounts for the following:

- 40.0 percent of the institution’s branches
- 82.6 percent of institution’s deposits
- 83.9 percent of the small business loans in the AAs in 2022
- 92.3 percent of the small business loans in the AAs in 2023

Examiners placed a greater emphasis on the lending activities in the Imperial County AA when determining overall ratings as the AA contains a majority of the institution’s deposits and small business loans. Examiners relied on the 2020 U.S. Census Data, the D&B data, the institution’s records, the July 2024 Moody’s Analytics Report, the U.S. Bureau of Labor Statistics data, the FDIC Deposit Market Share Report, and information obtained from one community contact interview.

Economic and Demographic Data

The following economic data was obtained from the July 2024 Moody’s Analytics Report and the U.S. Bureau of Labor Statistics.

El Centro, CA MSA 20940

The area’s economy remains strong with healthcare and the public sector primarily driving job growth. Non-farm payroll growth has outpaced that of the state and nation for more than two years. The unemployment rate has slightly increased over the past year from 17.9 percent as of July 2023 to 18.7 percent as of July 2024. A high unemployment rate is a characteristic of agricultural metropolitan areas. Housing price appreciation is outpacing the state and the nation, due in part by the lack of new building activity. Threats to crop production are easing, but challenges remain for agriculture. Crop production and its support activities account for nearly 14.0 percent of employment in El Centro, compared to less than 1.0 percent nationally. Even though heavy rains have helped replenish the water supplies, the region and its farmers remain vulnerable to extreme weather conditions.

Strengths of the area include its location as a strategic point of entry to and from Mexico; the desert climate’s conduciveness to alternative energy expansion; and the abundant land and relatively low business costs. Weaknesses of the area include the above-average employment volatility; low educational attainment; low per capita income; and weak migration patterns. The top three employers in the area are Calipatria State Prison, Centinela State Prison, and Imperial Irrigation District.

Based on the 2020 U.S. Census data, the AA consists of 40 CTs of which 1 is low-, 12 are moderate-, 12 are middle-, 13 are upper-income, and 2 do not have an income designation. While there is only one low-income CT in the AA, moderate-income CTs account for 30.0 percent of the CTs in the AA. The following table illustrates the institution’s AA demographic characteristics according to the 2020 U.S. Census data and the 2024 D&B data.

Demographic Information of the Assessment Area						
Assessment Area: Imperial County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	40	2.5	30.0	30.0	32.5	5.0
Population by Geography	179,702	1.5	29.6	28.6	36.4	3.9
Housing Units by Geography	57,855	1.6	32.8	29.7	33.9	2.1
Owner-Occupied Units by Geography	26,589	0.9	27.2	28.7	42.0	1.1
Occupied Rental Units by Geography	19,179	2.7	41.1	31.1	22.0	3.2
Vacant Units by Geography	12,087	1.3	32.0	29.6	34.7	2.4
Businesses by Geography	9,604	1.2	27.9	28.1	40.6	2.3
Farms by Geography	580	2.2	17.1	24.8	54.1	1.7
Family Distribution by Income Level	34,175	25.8	15.3	15.8	43.1	0.0
Household Distribution by Income Level	45,768	27.5	13.6	15.7	43.3	0.0
Median Family Income MSA - 20940 El Centro, CA MSA		\$53,558	Median Housing Value			\$188,931
			Median Gross Rent			\$881
			Families Below Poverty Level			19.4%

Source: 2020 U.S. Census and 2024 D&B Data
Due to rounding, totals may not equal to 100.0%
() The NA category consists of geographies that have not been assigned an income classification.*

There are 9,604 businesses in the Imperial County AA with the following gross annual revenue levels:

- 83.3 percent have \$1.0 million or less
- 3.9 percent have more than \$1.0 million
- 12.8 percent have unknown revenues

According to the 2024 D&B data, the service industry represents the largest portion of businesses at 31.7 percent, followed by retail trade at 13.3 percent, and non-classifiable establishments at 13.1 percent. Additionally, 66.1 percent of the AA’s businesses have 4 or fewer employees, 86.9 percent operate out of a single location, and 80.3 percent have revenues under \$500,000.

Competition

According to the June 30, 2024 FDIC Deposit Market Share Report, CVB faces moderate competition from 6 other institutions operating 10 offices within the AA. Including CVB, the 7

FDIC-insured institutions account for approximately \$2.5 billion in total deposits within the AA. CVB ranks 5th and holds 8.9 percent of the total deposit market share within the AA. The top 3 institutions control approximately 64.1 percent of the deposit market share with combined deposits of approximately \$1.6 billion in the AA.

Community Contact

Examiners contacted one community member associated with a small business development organization. The organization assists in providing mentorship, strategic business advising, and training to help business owners prosper as well as stimulate economic growth in the region. The contact indicated that individuals in the area suffer from language barriers that prevent them from understanding on how to start a business. Additionally, the contact indicated that increases in supply-chain costs are causing many new businesses to break even or be unprofitable.

Furthermore, not only are business owners unfamiliar on how to access capital, but also they do not have an established credit history. The contact further mentioned that because of cultural reasons, many business owners do not want to be in debt, thus making it harder to grow their business. The contact mentioned that the greatest opportunity for financial institution participation is through financial education, including educating business owners on the importance of credit and how to build it. Lastly, the contact indicated that there are opportunities for financial institutions to fund small-dollar loans to assist business start-ups in obtaining licenses and in building credit history.

Credit Needs

Considering area demographics, economic data, conversations with institution management, and one community contact, examiners determined that the primary credit needs of the area include commercial lending, particularly for small and start-up businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE IMPERIAL COUNTY ASSESSMENT AREA

LENDING TEST

CVB demonstrates excellent performance under the Lending Test in the Imperial County AA. The Geographic Distribution and Borrower Profile performance is consistent with the institution's overall excellent performance.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the AA. The following table details the geographic distribution of small business loans within the AA by year and income level.

Geographic Distribution of Small Business Loans					
Assessment Area: Imperial County					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2022	1.3	1	3.8	365	4.9
2023	1.1	0	0.0	0	0.0
Moderate					
2022	28.5	10	38.5	2,900	38.5
2023	28.2	6	50.0	1,913	43.8
Middle					
2022	28.1	5	19.2	1,305	17.3
2023	28.1	1	8.3	700	16.0
Upper					
2022	39.8	10	38.5	2,953	39.3
2023	40.4	5	41.7	1,759	40.2
Not Available					
2022	2.3	0	0.0	0	0.0
2023	2.2	0	0.0	0	0.0
Totals					
2022	100.0	26	100.0	7,523	100.0
2023	100.0	12	100.0	4,372	100.0
<i>Source: 2022 & 2023 D&B Data; Institution Data: 01/01/2022 – 12/31/2023</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

The institution’s lending penetration in low-income CTs exceeded the percentage of small businesses located within the AA in 2022. Although the institution did not originate any small business loans in low-income CTs in 2023, examiners noted a limited opportunity with only 1.1 percent of businesses located in low-income CTs according to D&B data. The institution’s lending penetration in moderate-income CTs exceeded the percentage of small businesses located within the AA by 10 percentage points in 2022 and by over 21 percentage points in 2023. Overall, CVB’s geographic distribution performance is excellent.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the AA, excellent penetration among businesses of different revenue sizes. The following table illustrates the institution’s small business loans by gross annual revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Imperial County					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	81.2	14	53.8	4,038	53.7
2023	82.7	9	75.0	3,322	76.0
>\$1,000,000					
2022	4.5	7	26.9	2,781	37.0
2023	4.0	1	8.3	500	11.4
Revenue Not Available					
2022	14.3	5	19.2	704	9.4
2023	13.3	2	16.7	550	12.6
Totals					
2022	100.0	26	100.0	7,523	100.0
2023	100.0	12	100.0	4,372	100.0
<i>Source: 2022 & 2023 D&B Data; Institution Data: 01/01/2022 – 12/31/2023</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

Although the institution’s performance was below 2022 and 2023 D&B data, examiners noted that the percentage of businesses reported by D&B represents the potential opportunity for lending, and that not all businesses are seeking financing or are creditworthy. Additionally, while the institution is not required to report small business loan data, examiners reviewed aggregate performance of other large institutions extending loans within the AA. The institution’s performance in 2022 is slightly above aggregate performance at 53.0 percent. While 2023 data is not yet available, the institution’s performance is closely in line with the percent of businesses operating within the AA. Moreover, CVB’s performance has slightly improved from the excellent penetration at the previous evaluation.

COACHELLA VALLEY ASSESSMENT AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE COACHELLA VALLEY ASSESSMENT AREA

The institution operates one branch in a moderate-income CT in the Coachella Valley AA.

The Coachella Valley AA accounts for the following:

- 20.0 percent of the institution’s branches
- 3.7 percent of institution’s deposits
- 16.1 percent of the small business loans in the AAs in 2022
- 7.7 percent of the small business loans in the AAs in 2023

Examiners relied on the 2020 U.S. Census data, the D&B data, and the institution’s records.

Based on the 2020 U.S. Census data, the AA consists of 120 CTs of which 9 is low-, 37 are moderate-, 41 are middle-, 31 are upper-income, and 2 do not have an income designation. LMI CTs account for 38.3 percent in the Coachella Valley AA. The following table illustrates the institution’s AA demographic characteristics according to the 2020 U.S. Census data and the 2024 D&B data.

Demographic Information of the Assessment Area						
Assessment Area: Coachella Valley						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	120	7.5	30.8	34.2	25.8	1.7
Population by Geography	441,531	8.0	35.9	33.4	21.3	1.5
Housing Units by Geography	250,681	5.0	30.0	33.9	29.5	1.6
Owner-Occupied Units by Geography	125,081	5.1	29.4	36.8	27.5	1.3
Occupied Rental Units by Geography	58,041	8.4	41.4	30.9	17.2	2.1
Vacant Units by Geography	67,559	2.0	21.3	31.1	43.8	1.8
Businesses by Geography	48,017	2.8	27.4	33.3	34.6	1.8
Farms by Geography	1,333	7.4	29.0	35.9	24.9	2.8
Family Distribution by Income Level	103,699	26.5	18.3	18.2	37.1	0.0
Household Distribution by Income Level	183,122	34.4	16.7	15.8	33.1	0.0
Median Family Income MSA - 40140 Riverside- San Bernardino- Ontario, CA MSA		\$76,686	Median Housing Value			\$355,576
			Median Gross Rent			\$1,243
			Families Below Poverty Level			11.9%

Source: 2020 U.S. Census and 2024 D&B Data
Due to rounding, totals may not equal 100.0%
() The NA category consists of geographies that have not been assigned on income classification.*

There are 48,017 businesses in the Coachella Valley AA with the following gross annual revenue levels:

- 91.6 percent have \$1.0 million or less
- 2.4 percent have more than \$1.0 million
- 6.0 percent have unknown revenues

According to the 2024 D&B data, the service industry represents the largest portion of business at 40.8 percent, followed by non-classifiable establishments at 17.5 percent, and retail trade at 11.4 percent. Additionally, 68.7 percent of the AA’s businesses have 4 or fewer employees, 93.8 percent operate out of a single location, and 89.3 percent have revenues under \$500,000.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE COACHELLA VALLEY ASSESSMENT AREA

LENDING TEST

The institution's lending performance in the Coachella Valley AA is below the lending performance for the institution; however, it does not change the institution rating. In 2022 and 2023, CVB originated 6 small business loans totaling approximately \$2.3 million. The following tables illustrate the institution's geographic distribution and borrower profile performance.

Geographic Distribution of Small Business Loans					
Assessment Area: Coachella Valley					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2022	2.6	1	20.0	500	33.3
2023	2.8	0	0.0	0	0.0
Moderate					
2022	26.7	4	80.0	1,000	66.7
2023	27.1	0	0.0	0	0.0
Middle					
2022	32.9	0	0.0	0	0.0
2023	33.1	1	100.0	750	100.0
Upper					
2022	35.8	0	0.0	0	0.0
2023	35.1	0	0.0	0	0.0
Not Available					
2022	2.0	0	0.0	0	0.0
2023	1.9	0	0.0	0	0.0
Totals					
2022	100.0	5	100.0	1,500	100.0
2023	100.0	1	100.0	750	100.0
<small>Source: 2022 & 2023 D&B Data; Institution Data: 01/01/2022 – 12/31/2023 Due to rounding, totals may not equal 100.0%</small>					

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Coachella Valley					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	90.3	0	0.0	0	0.0
2023	91.2	1	100.0	750	100.0
>\$1,000,000					
2022	2.8	5	100.0	1,500	100.0
2023	2.5	0	0.0	0	0.0
Revenue Not Available					
2022	6.9	0	0.0	0	0.0
2023	6.2	0	0.0	0	0.0
Totals					
2022	100.0	5	100.0	1,500	100.0
2023	100.0	1	100.0	750	100.0
<i>Source: 2022 & 2023 D&B Data; Institution Data: 01/01/2022 – 12/31/2023</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

JULIAN/BORREGO SPRINGS ASSESSMENT AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE JULIAN/BORREGO SPRINGS ASSESSMENT AREA

The institution operates two branches in the Julian/Borrego Springs AA of which one is in a moderate-income CT, and one is in a middle-income CT.

The Julian/Borrego Springs AA accounts for the following:

- 40.0 percent of the institution’s branches
- 13.8 percent of institution’s deposits
- 0.0 percent of the small business loans in the AAs in 2022
- 0.0 percent of the small business loans in the AAs in 2023

Examiners relied on the 2020 U.S. Census data, the D&B data, and the institution’s records.

Based on the 2020 U.S. Census data, the AA consists of three CTs of which one is moderate-, one is middle-, and one is upper-income. The following table illustrates the institution’s AA demographic characteristics according to the 2020 U.S. Census data and the 2024 D&B data.

Demographic Information of the Assessment Area						
Assessment Area: Julian/Borrego Springs						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3	0.0	33.3	33.3	33.3	0.0
Population by Geography	7,297	0.0	28.6	44.8	26.7	0.0
Housing Units by Geography	5,271	0.0	36.4	34.1	29.5	0.0
Owner-Occupied Units by Geography	2,084	0.0	29.5	44.7	25.8	0.0
Occupied Rental Units by Geography	346	0.0	33.5	54.9	11.6	0.0
Vacant Units by Geography	2,841	0.0	41.7	23.9	34.4	0.0
Businesses by Geography	607	0.0	30.8	47.3	21.9	0.0
Farms by Geography	30	0.0	40.0	43.3	16.7	0.0
Family Distribution by Income Level	1,428	21.1	30.0	18.4	30.5	0.0
Household Distribution by Income Level	2,430	27.7	24.7	21.1	26.6	0.0
Median Family Income MSA - 41740 San Diego-Chula Vista-Carlsbad, CA MSA		\$95,623	Median Housing Value			\$223,752
			Median Gross Rent			\$453
			Families Below Poverty Level			0.8%
<i>Source: 2020 U.S. Census and 2024 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

There are 607 businesses in the Julian/Borrego Springs AA with the following gross annual revenue levels:

- 91.7 percent have \$1.0 million or less
- 2.3 percent have more than \$1.0 million
- 6.0 percent have unknown revenues

According to the 2024 D&B data, the service industry represents the largest portion of business at 38.2 percent, followed by non-classifiable establishments at 19.0 percent, and retail trade at 11.5 percent. Additionally, 64.1 percent of the AA’s businesses have 4 or fewer employees, 93.1 percent operate out of a single location, and 87.8 percent have revenues under \$500,000.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE JULIAN/BORREGO SPRINGS ASSESSMENT AREA

LENDING TEST

The institution's lending performance in the Julian/Borrego Springs AA is below the lending performance for the institution; however, it does not change the institution rating. The institution did not originate any small business loans in the AA in 2022 or 2023. Given the number of CTs in the AA, the institution's lending performance in the AA carries minimal weight in the overall conclusions.

APPENDICES

SMALL 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) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The institution's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

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 institution under the requirements of the Community Reinvestment Act.

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

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

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.

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

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

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

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

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

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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.

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.

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 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.

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.