PUBLIC EVALUATION

March 4, 2019

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

CalWest Bank
RSSD #2854494

22342 Avenida Empressa
Suite 101-A
Rancho Santa Margarita, California 92688

Federal Reserve Bank of San Francisco
101 Market Street
San Francisco, California 94105

NOTE: 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 the 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

CalWest Bank is rated "SATISFACTORY"

The major factors supporting the institution's rating include:

- A loan-to-deposit ratio that is reasonable given the bank's size, financial condition, and competitive market area;
- A substantial majority of loans originated within the bank's assessment area;
- A reasonable geographic distribution of small business loans; and
- A reasonable distribution of loans among businesses of different sizes.

INSTITUTION

Description of Institution

CalWest Bank (CWB), Rancho Santa Margarita, California, is a wholly-owned subsidiary of CalWest Bancorp, Irvine, California. CalWest Bancorp was established as a shell holding company on August 1, 2003. CWB was chartered as a national bank on October 21, 1999, commencing operations on that date under the name of South County Bank, N.A. On April 2, 2018, the bank converted to a state-chartered institution and changed its name to CalWest Bank and retained its membership in the Federal Reserve System. CWB currently operates four full-service branches in Huntington Beach, Irvine, Rancho Santa Margarita, and Redlands, California. CWB also maintains one loan production office in Laguna Niguel, California, which is anticipated to convert to a full service branch in 2019. While the Rancho Santa Margarita office represents the bank's "flagship" location, CWB's administrative headquarters are located at the Irvine branch.

CWB is a full-service community bank engaged primarily in commercial and real estate lending to small and medium-sized businesses and professionals in the Southern California market. Although the bank also offers consumer and home equity loan products, its primary focus is on commercial and industrial banking relationships. As of December 31, 2018, the bank was operating with $195.2 million in total assets.

CWB, then operating as South County Bank, N.A., was subject to Consent Order executed as of January 24, 2011 to address the financial soundness of its operations. Areas to be addressed included the following: capital plan, loan portfolio management, criticized assets, concentrations of credit, allowance for loan and lease losses, and liquidity risk management. The Consent Order was terminated effective May 24, 2016. Accordingly, CWB's capacity and constraints in light of the Consent Order were taken into account in assessing the bank's performance under the CRA in addition to the external economic environment in which the bank operates.

Exhibit 1 on the following page illustrates the bank's loan portfolio as stated in the September 30, 2018, Consolidated Reports of Condition and Income, reflecting the bank's commercial focus.

EXHIBIT 1
LOANS AND LEASES AS OF SEPTEMBER 30, 2018

Loan Type	$ ('000s)	%
Commercial/Industrial & Non-Farm Non-Residential Real Estate	101,639	72.3
Secured by 1-4 Family Residential Real Estate	22,180	15.8
Multi-Family Residential Real Estate	7,962	5.7
Construction & Land Development	7,784	5.5
Consumer Loans & Credit Cards	977	0.7
Total (Gross)	140,542	100.0

CWB's ability to meet community credit needs was evaluated based on the bank's size, business focus, and its competitive environment in addition to the Consent Order under which the bank was operating during part of the review period.

Los Angeles- Orange-Riverside-San Bernardino Assessment Area

DESCRIPTION OF OPERATIONS IN LOS ANGELES-ORANGE-RIVERSIDE-SAN BERNARDINO

CWB has one assessment area that is comprised of the entirety of Los Angeles, Orange, Riverside, and San Bernardino counties. Los Angeles and Orange counties combine to form the Los Angeles-Long Beach-Anaheim Metropolitan Statistical Area (MSA), and Riverside and San Bernardino counties combine to form the Riverside-San Bernardino-Ontario MSA. These areas are included in the Los Angeles-Long Beach Combined Statistical Area.

Los Angeles County is located along the Pacific Coast in Southern California, south of Kern County and north of Orange County. Orange County is located south of Los Angeles County and is bordered by Riverside County and San Bernardino County to the east and San Diego County to the south. Riverside County is located south of San Bernardino County and north of San Diego and Imperial counties, bordering Orange County on the west. San Bernardino borders Los Angeles, Orange and Riverside counties as well as Inyo and Kern counties to the north and west. In 2018, the four-county assessment area was home to more than 17 million people.[1] With a population of more than 10 million, Los Angeles is the most populous county in California and Orange County is the third most populous with over three million people.[2] Riverside and San Bernardino counties are the fourth and fifth most populous respectively, with over two million people in each county.[3]

As of June 30, 2018, the assessment area had 132 Federal Deposit Insurance Corporation-insured commercial institutions operating 2,955 offices. CWB maintained a small presence in the assessment area, operating four branches with total deposits of $157.8 million, representing 0.03 percent of the market.[4]

Exhibit 2 on the following page presents key demographic and business information used to help develop a performance context for the assessment area.

[1] U.S. Census Bureau, QuickFacts, Population Estimates, July 1, 2017; available from: www.census.gov/quickfacts/.
[2] Ibid.
[3] Ibid.
[4] Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2018; available from: https://www5.fdic.gov/sod/sodMarketRpt.asp?barItem=2.

EXHIBIT 2
ASSESSMENT AREA DEMOGRAPHICS
LOS ANGELES-ORANGE-RIVERSIDE-SAN BERNARDINO ASSESSMENT AREA
2018 FFIEC CENSUS AND 2018 DUN AND BRADSTREET DATA

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	309	8.2	269,177	6.9	98,023	36.4	935,058	24.0
Moderate-income	1,067	28.4	1,044,583	26.8	230,327	22.0	639,938	16.4
Middle-income	1,061	28.3	1,122,058	28.8	123,275	11.0	680,284	17.5
Upper-income	1,254	33.4	1,453,291	37.3	67,502	4.6	1,637,447	42.1
Unknown-income	60	1.6	3,618	0.1	649	17.9	0	0.0
Total AA	3,751	100.0	3,892,727	100.0	519,776	13.4	3,892,727	100.0

Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	415,832	76,659	2.6	18.4	308,387	74.2	30,786	7.4
Moderate-income	1,587,587	538,190	18.5	33.9	926,022	58.3	123,375	7.8
Middle-income	1,742,977	877,760	30.3	50.4	716,505	41.1	148,712	8.5
Upper-income	2,295,178	1,406,995	48.5	61.3	717,614	31.3	170,569	7.4
Unknown-income	21,070	2,079	0.1	9.9	15,768	74.8	3,223	15.3
Total AA	6,062,644	2,901,683	100.0	47.9	2,684,296	44.3	476,665	7.9

Income Categories	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or Equal to $1 Million		Greater than $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	42,460	4.9	38,012	4.8	4,158	6.1	290	4.9
Moderate-income	180,125	20.9	162,808	20.7	16,206	23.7	1,111	18.9
Middle-income	236,350	27.4	214,086	27.2	20,806	30.4	1,458	24.8
Upper-income	390,900	45.3	363,332	46.1	24,699	36.1	2,869	48.8
Unknown-income	12,405	1.4	9,661	1.2	2,597	3.8	147	2.5
Total AA	862,240	100.0	787,899	100.0	68,466	100.0	5,875	100.0
% of Total Businesses				91.4		7.9		0.7

2018 Median Family Income[5]		2018 Median Housing Value[6]	
Los Angeles County	$62,703	Los Angeles County	$588,140
Orange County	$86,003	Orange County	$785,000
Riverside County	$61,507	Riverside County	$398,000
San Bernardino County	$61,507	San Bernardino County	$295,000
2018 HUD Adjusted Median Family Income[7]		**2018 Unemployment Rate[8]**	
Los Angeles County	$69,300	Los Angeles County	4.7%
Orange County	$92,700	Orange County	2.9%
Riverside County	$65,800	Riverside County	4.4%
San Bernardino County	$65,800	San Bernardino County	4.0%

[5] FFIEC Median Family Income; available from: https://www.ffiec.gov/Medianincome.htm.
[6] California Association of Realtors, Historical Housing Data, Median Prices of Existing Detached Homes as of December 2018; available from: https://www.car.org/marketdata/data/housingdata/.
[7] FFIEC Adjusted Median Family Income; available from: https://www.ffiec.gov/Medianincome.htm.
[8] Annual Unemployment Rate, U.S Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: http://data.bls.gov/cgi-bin/dsrv?la.

Economic Conditions

During the review period, the Los Angeles-Orange-Riverside-San Bernardino assessment area experienced overall economic growth. The assessment area's well-diversified economy and labor market growth contributed to its economic expansion; however, there is a marked contrast between the performance and impact of Los Angeles and Orange counties in comparison to Riverside and San Bernardino counties.

Los Angeles County experienced dynamic job and income growth. Primary drivers of the economy were technology, tourism, trade, entertainment, and healthcare.[9] Construction rose through the development of new multi-family residential units, but new single-family home and commercial construction experienced only modest growth.[10] The Ports of Long Beach and Los Angeles are in the midst of a multiyear infrastructure expansion, which spurred investment and supported trade in the area.[11] Silicon Beach capitalized on the convergence of entertainment and technology in Los Angeles.[12] While Silicon Beach is a small portion of the economy, it contributes a large share of high-wage job growth and investment in the area.[13] The Los Angeles area has now completed its cyclical recovery with current labor capacity constraints and land shortages ensuring elevated incomes and real estate prices.[14]

Key drivers of economic expansion in Orange County were healthcare and tourism, as well as biomedical, software and aerospace in smaller sectors.[15] Lower gas prices, stronger regional economies, and Disneyland factored into a boost in tourism,[16] with visitation to Orange County hitting a four-year high in 2017.[17] The collection of biotech firms, tech equipment manufacturers, medical device makers, and pharmaceutical manufacturers flourished due to the highly educated population, and consumer and business demand for technology products.[18] Additionally, residential construction increased with single-family permits reaching levels last seen in 2004-2005, and multifamily permits were well above the long-term average.[19]

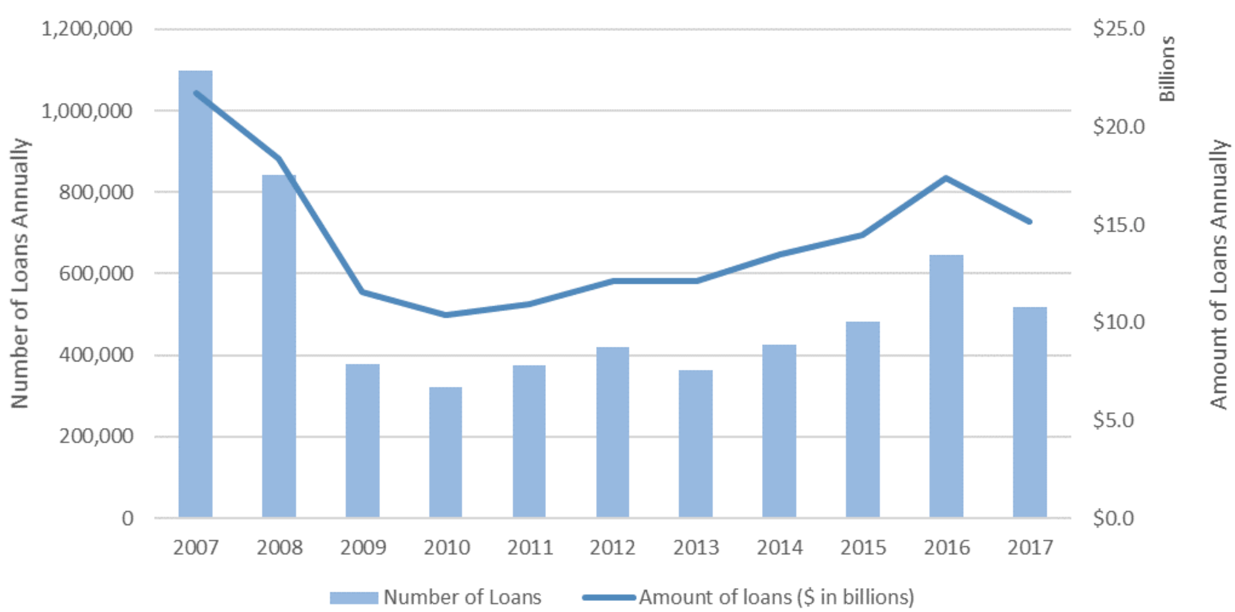
The Inland Empire, which includes Riverside and San Bernardino counties, experienced low-wage job growth and economic expansion due to consumer demand for logistics in transportation, distribution and warehousing.[20] The Inland Empire acts as the logistics hub for the Ports of Los Angeles and Long Beach, which are the largest entryways for consumer goods into the United States.[21] The metro area thrived because of its ability to receive imported goods from the ports, cheaply store them, and

[9] Moody's Precis Report, Los Angeles-Long Beach-Glendale CA, November 2018.
[10] Moody's Precis Report, Los-Angeles-Long Beach-Glendale CA, December 2015.
[11] Moody's Precis Report, Los-Angeles-Long Beach-Glendale CA, April 2016.
[12] Moody's Precis Report, Los-Angeles-Long Beach-Glendale CA, August 2017.
[13] Moody's Precis Report, Los Angeles-Long Beach-Glendale CA, November 2018.
[14] Ibid.
[15] Orange County Community Indicators Project, Community Indicators 2018; available from: http://www.ocgov.com/about/infooc/facts/indicators.
[16] Moody's Precis Report, Anaheim-Santa Ana-Irvine CA, August 2017.
[17] Moody's Precis Report, Anaheim-Santa Ana-Irvine CA, November 2018.
[18] Moody's Precis Report, Anaheim-Santa Ana-Irvine CA, August 2015.
[19] Moody's Precis Report, Anaheim-Santa Ana-Irvine CA, August 2017.
[20] Moody's Precis Report, Riverside-San Bernardino-Ontario CA, November 2018.
[21] Ibid.

distribute them throughout the country.[22] Additionally, due to lower business and housing costs, the Inland Empire benefited from domestic migrants fleeing the exorbitant costs of Southern California.[23] Businesses came to the metro area to capitalize on its low-cost structure and proximity to major demand centers.[24] Low costs, available land, and proximity to cosmopolitan cities made the housing a comparative advantage for the Inland Empire.[25]

Economic improvements in the assessment area can be seen in small lending. As depicted in Exhibit 3 below, a review of small business loan data reported by banks subject to the CRA shows that the number and amount of loans to small businesses in the assessment area are slowly improved during the early portion of the review period, but levelled off in 2017 and remain depressed relative to levels achieved prior to the Great Recession. Lending to small businesses plays a critical role in the economy given that small businesses represented 91.4 percent of all businesses in the assessment area as depicted in Exhibit 2.

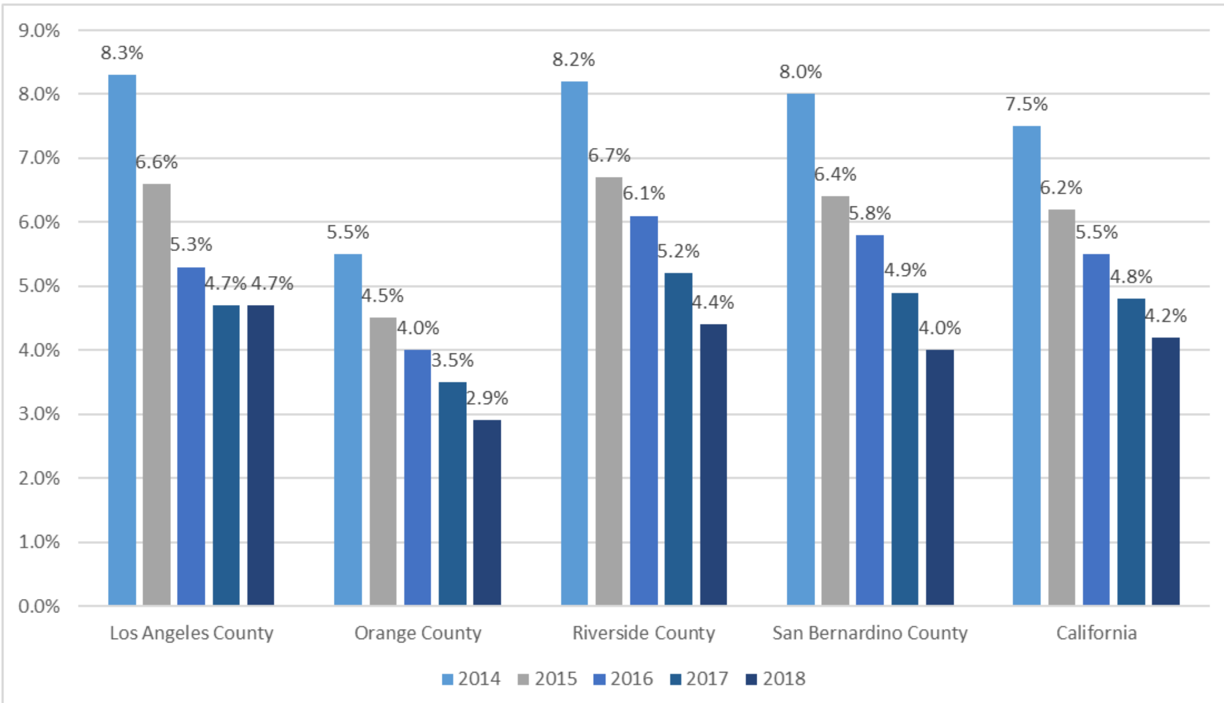
Exhibit 3
Loans to Small Businesses in Assessment Area[26]
2007-2017



As depicted in Exhibit 4 on the following page, the unemployment rate of all four counties in the assessment area decreased steadily during the review period. Orange County's annual unemployment rate was 2.9 percent in 2018, one of the lowest rates in the state of California.

[22] Moody's Precis Report, Riverside-San Bernardino-Ontario CA, April 2015.
[23] Moody's Precis Report, Riverside-San Bernardino-Ontario CA, November 2018.
[24] Moody's Precis Report, Riverside-San Bernardino-Ontario CA, April 2016.
[25] Moody's Precis Report, Riverside-San Bernardino-Ontario CA, April 2015.
[26] Aggregate CRA Small Business data reports available from: http://www.ffiec.gov/craadweb/national.aspx.

Exhibit 4
Unemployment Rate[27]
2014-2018



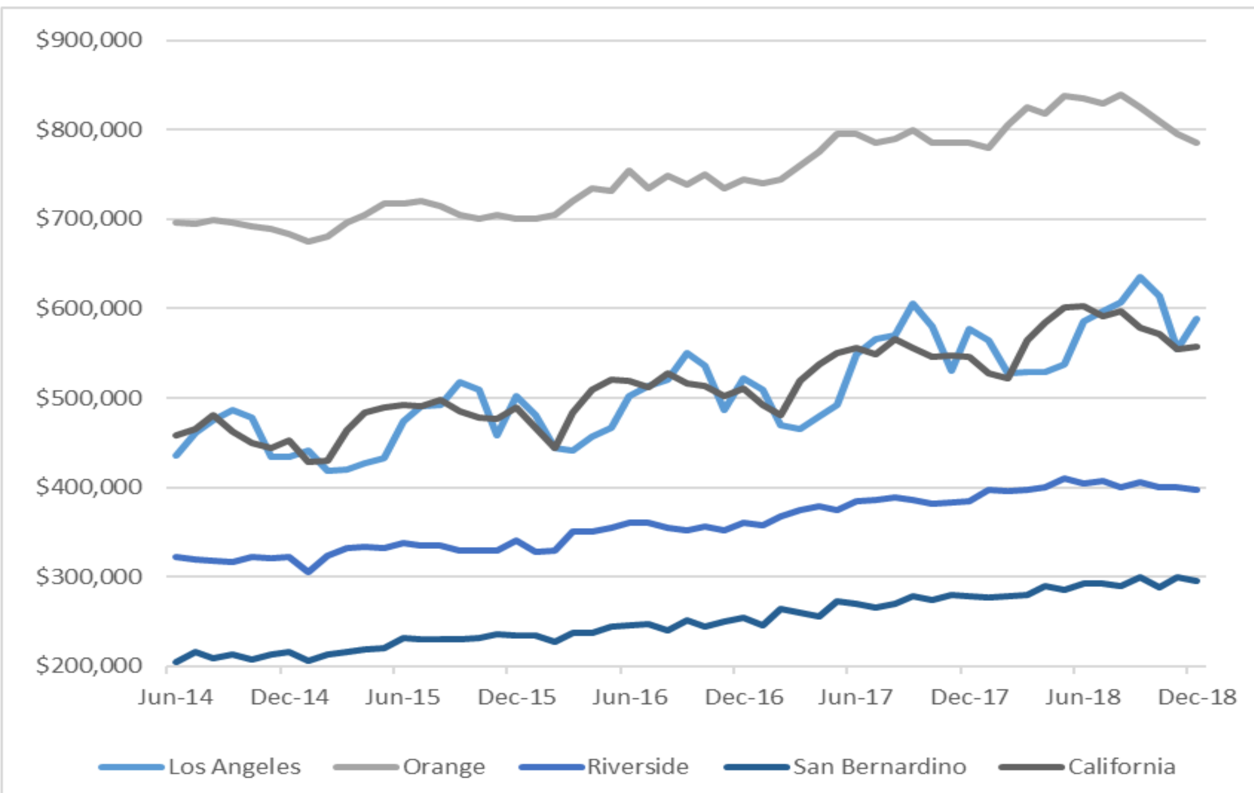
As depicted in Exhibit 5 on the following page, median home prices in Orange County are significantly higher than the other counties in the assessment area as well as the state. In December 2018, the median home prices of $785,000 in Orange County and $588,140 in Los Angeles County were above the statewide median of $557,600, whereas the median home prices of $398,000 in Riverside County and $295,000 in San Bernardino County were well below the statewide median. However, home prices in each county increased steadily during the review period. With rising housing prices, home ownership has become increasingly less accessible to households, especially in Orange County which is the least affordable place to live in Southern California. According to the California Association of Realtors' Traditional Housing Affordability Index, 20 percent of families in Orange County, 24 percent in Los Angeles County, 37 percent in Riverside County, and 48 percent in San Bernardino County can afford to purchase the median priced home in their region compared to 54 percent of families in the U.S.[28]

Housing affordability is a serious problem in Southern California.[29] In addition to rising housing costs, rental prices have also increased. The average rent for Los Angeles County in 2018 reached a record high of $2,267 per month, the highest of all the Southern California regions.[30] In the second quarter of

[27] U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: http://data.bls.gov/cgi-bin/dsrv?la.
[28] California Association of Realtors, Housing Affordability Index-Traditional, 2018 Q4; available from: http://www.car.org/marketdata/data/haitraditional/.
[29] University of Southern California Lusk, Casden Real Estate Economics Forecast, 2018 Multifamily Forecast Report.
[30] Ibid.

2018, the average apartment rent in Orange County was $2,035 per month.[31] The average rent in the Inland Empire metro area was the lowest among all the counties in Southern California, with average rents reaching $1,457 in 2018. The Casden Real Estate Economics Forecast 2018 Multifamily Report noted that its review of rent-to-income ratios for Southern California revealed that no matter what category a renter household is in, there is not an affordable unit at the median cost that could match up with that renter.[32] Every geography within the assessment area had a larger share of residents paying more than 35 percent of their income on rent than the state as a whole (households that spend more than 30 percent of their income on rent on considered cost burdened).[33] The pressure of the housing market affects low-income households the most; low-income households experience the threat of displacement and homelessness at higher rates and pay a disproportionate percentage of their income on rent and face overcrowding as a means to deal with rising housing costs.

Exhibit 5
Median Home Prices[34]
2014-2018



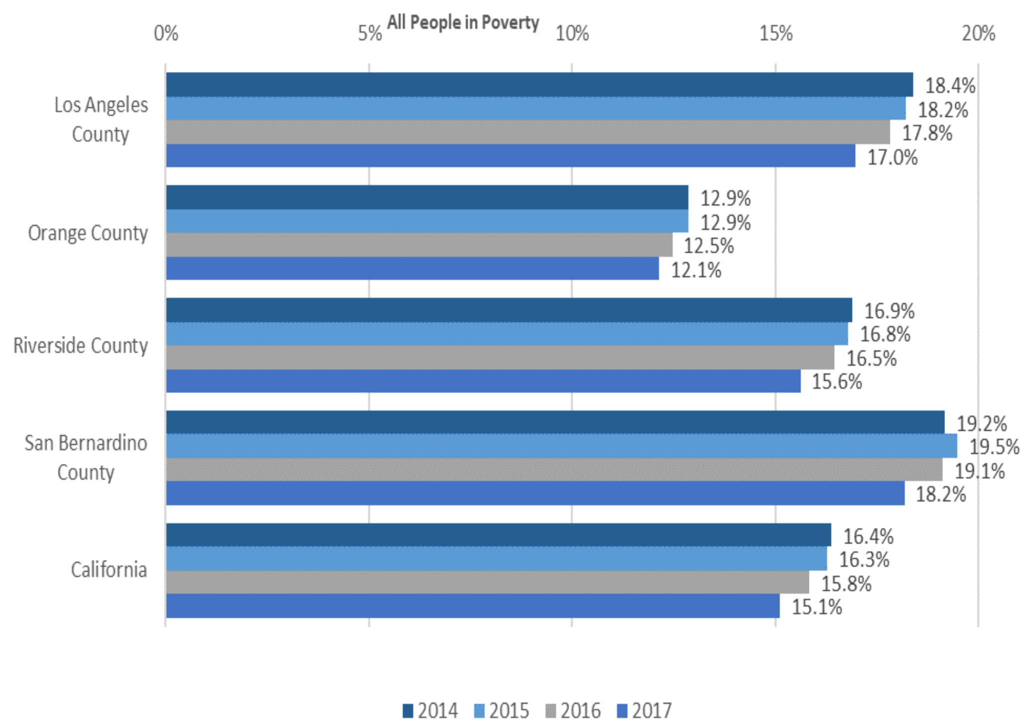
As depicted in Exhibit 6 on the following pages, the percentage of people living below the poverty level declined while the percentage of households on food stamps in the assessment area increased during

[31] Ibid.
[32] University of Southern California Lusk, Casden Real Estate Economics Forecast, 2018 Multifamily Forecast Report.
[33] U.S. Census Bureau, American Community Survey 1 Yr Estimates, DP04, 2017; available from: http://factfinder2.census.gov.
[34] California Association of Realtors, Historical Housing Data, Median Prices of Existing Detached Homes; available from: https://www.car.org/en/marketdata/data/housingdata.

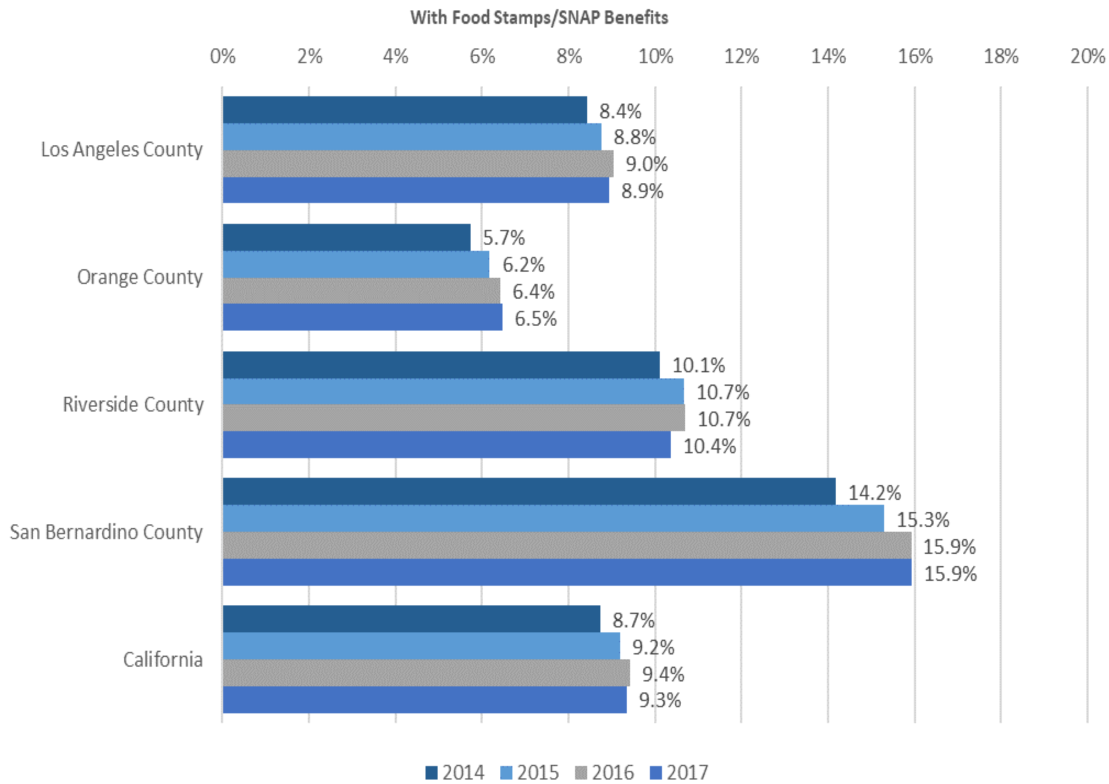
the review period. According to the Supplemental Poverty Measure, which factors in regional cost-of-living, government assistance programs as well as housing costs, an estimated 19 percent of people in California live in poverty.[35] In Orange County, more residents are being pushed into poverty and homelessness due to the region's housing crisis. In the past four years, there has been a 54 percent increase in homeless people living on the streets.[36] The liquid asset poverty rate represents the percentage of households without sufficient liquid assets to subsist at the poverty level for three months in the absence of income.[37] In the greater Los Angeles Metro area, which includes both Los Angeles and Orange counties, 40.6 percent of all households are liquid asset poor. Riverside County is similar with 40.8 percent of households deemed liquid asset poor;[38] however, the conditions in San Bernardino County are notably worse with 44.7 percent of households experiencing liquid asset poverty.[39]

Exhibit 6

Poverty and Food Stamp Usage Rates[40]
2014-2017



[35] U.S. Census Bureau, The Supplemental Poverty Measure: 2017; available from: https://www.census.gov/library/publications/2018/demo/p60-265.html.
[36] Orange County Point in Time (PIT) Count 2017; available from: http://www.ocgov.com/civicax/filebank/blobdload.aspx?BlobID=64596.
[37] Prosperity Now, Scorecard, Los Angeles, CA Metro; available from: https://scorecard.prosperitynow.org/data-by-location.
[38] Prosperity Now, Scorecard, Riverside County, CA; available from: https://scorecard.prosperitynow.org/data-by-location.
[39] Prosperity Now, Scorecard, San Bernardino County, CA; available from: https://scorecard.prosperitynow.org/data-by-location.
[40] Poverty and Food Stamp Usage Rates, U.S. Census Bureau, American Community Survey, 5-Year Estimates; available from: https://www.census.gov/programs-surveys/acs/data.html.



Credit and Community Development Needs

The economic data, as well as feedback from community contacts, indicate that small businesses in the assessment area face challenges in accessing credit and that some level of small business credit needs remain unmet by area banks. As previously mentioned, CRA reportable small businesses lending levels are improving, but remain below levels experienced prior to the Great Recession. According to the 2018 Small Business Credit Survey (SBCS), 43 percent of employer firms applied for financing in the prior 12 months.[41] Less than half of the firms that applied for credit—47 percent—received all of the financing they sought.[42] A majority of firms applied for financing in amounts of less than $100,000, and the majority of all applicants were looking to expand their business or pursue a new opportunity.[43] Of the financing and credit products sought by businesses, 85 percent of applicants applied for either a business loan or line of credit.[44] Loan/line of credit and cash advance applicants reported higher approval rates—60 percent—in the 2018 survey than in previous surveys.[45] However, funding gaps were most acute for firms seeking $100,000 to $250,000, with 54 percent of these applicants receiving less than the full amount of financing sought.[46] Financing shortfalls were particularly pronounced

[41] Small Business Credit Survey, Report on Employer Firms 2019, available from: https://www.fedsmallbusiness.org/medialibrary/fedsmallbusiness/files/2019/sbcs-employer-firms-report.pdf.
[42] Ibid.
[43] Ibid.
[44] Ibid.
[45] Ibid.
[46] Ibid.

among firms with weak credit profiles, unprofitable firms, younger firms, and firms in urban areas.[47] Overall, there is a general need for more access to credit and smaller dollar loans.

A variety of factors mentioned previously, including the rising cost of housing and rent, establish the need for affordable housing development and financing within the assessment area. In addition to high cost and low affordability, the assessment area faces a shortage of affordable housing and rental units. According to the National Low Income Housing Coalition, for every 100 households who need affordable housing, there are only 17 affordable and available units at or below the extremely low income threshold, incomes at or below the poverty level or 30 percent of their area median income, in the Los Angeles-Long Beach-Anaheim MSA.[48] The need for affordable housing units in the Riverside-San Bernardino-Ontario MSA is also severe, with just 20 out of 100 affordable and available units at or below the extremely low-income threshold.[49] As housing and rental markets remain undersupplied, residents with lower-paying jobs will continue to be priced out of the market and overcrowding and homelessness will continue to grow. Community contacts indicated a need for access to capital for individuals in the form of mortgage down payment assistance, targeted CRA programs such as affordable mortgages with no private mortgage insurance requirements, low down payments, and competitive rates that would allow low-income families an entry point to homeownership. Commercial real estate and microloans for tenant improvements would also be impactful.

Finally, the prevalence of poverty highlights the importance of community service organizations within the bank's communities. There is an opportunity for banks to support a wide range of community needs in the assessment area from affordable housing to access to credit for small businesses by engaging in community development activities and/or partnering with organizations that address the aforementioned needs of those most vulnerable in the community. Some of the most impactful activities by banks are affordable housing endeavors in the form of grants, special loan products and advocacy work and classes and education around home ownership and financial literacy.

Scope of Examination

CWB's CRA performance was evaluated in accordance with the *Interagency Small Institution CRA Examination Procedures.* In accordance with these procedures, the bank's performance was evaluated using the lending test, which consists of the evaluation of the following performance criteria:

- Loan volume compared to deposits (Loan-to-Deposit Ratio);
- Lending inside versus outside the assessment area (Lending in Assessment Area);
- Dispersion of lending throughout the assessment area (Lending Distribution by Geography); and
- Lending to businesses of different sizes (Lending Distribution by Business Revenue).

Responsiveness to consumer complaints was not evaluated as CWB did not receive any CRA-related complaints during the review period.

[47] Small Business Credit Survey, Report on Employer Firms 2019, available from: https://www.fedsmallbusiness.org/medialibrary/fedsmallbusiness/files/2019/sbcs-employer-firms-report.pdf.
[48] National Low Income Housing Coalition, The Gap: A Shortage of Affordable Rental Homes, March 2018; available from: www.nlihc.org/sites/default/files/gap/gap-report_2018.pdf.
[49] Ibid.

Since all of CWB's markets are combined into one assessment area, Los Angeles-Orange-Riverside-San Bernardino was evaluated as a full-scope assessment area. No other full-scope or limited-scope reviews were required for the examination.

Based on CWB's commercial focus, the evaluation of the bank's performance under the lending test was limited to small business lending. The review period included a universe of 232 small business loans originated or renewed between the dates of May 1, 2014, and September 30, 2018. A sample of 108 small business loans was utilized for the Lending in Assessment Area component of the review. Of the 108 loans included in the sample, 101 loans were located inside the bank's assessment area; therefore, the analyses for borrower and geographic distribution utilized the data associated with these 101 loans.

Conclusions with Respect to Performance Criteria

Loan-to-Deposit Ratio

CWB's loan-to-deposit (LTD) ratio is reasonable given the bank's size, the lending conditions during the review period, and the local economic conditions of its market areas. The bank's 19-quarter average LTD ratio as of December 2018 was 63.2 percent. The state average for the same review period was 83.4 percent, and the national peer average was 77.8 percent. Although CWB's loan-to-deposit ratio is slightly less than the state and national averages, its performance is reasonable given the financial contraints under which it was operating during part of the review period.

Lending in Assessment Area

A substantial majority of small business lending, both in number and dollar volume, was originated or renewed within the bank's assessment area. As shown in Exhibit 7 below, CWB extended 93.5 percent of its loans within the assessment area.

Exhibit 7
Lending Inside and Outside the Assessment Areas
May 1, 2014 to September 30, 2018

Loan Type	Inside				Outside			
	#	%	$ ('000s)	%	#	%	$ ('000s)	%
Small Business	101	93.5	25,814	91.1	7	6.5	2,512	8.9
Total Business Related	101	93.5	25,814	91.1	7	6.5	2,512	8.9
Total Loans	101	93.5	25,814	91.1	7	6.5	2,512	8.9

Lending Distribution by Geography

The geographic distribution of small business loans is reasonable. Given the financial constraints impacting loan volume in 2014 and 2015, the analysis more heavily weighted lending in 2016 through 2018. As illustrated in Exhibit 8 on the following page, CWB's lending in low- and moderate-income geographies compares reasonably to that of aggregate lending as well as the small business concentrations in these geographies. Lending volume in low-income geographies was particularly strong in 2016 and 2017.

EXHIBIT 8
GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS

Census Tract	Low		Moderate		Middle		Upper	
	#	%	#	%	#	%	#	%
Los Angeles-Orange-Riverside-San Bernardino Assessment Area 2014								
Bank Lending	0	0.0	3	21.4	3	21.4	8	57.1
Aggregate Lending	22,006	5.3	82,465	19.7	119,309	28.6	193,868	46.4
Business Concentration	45,649	5.8	171,581	21.8	230,873	29.3	339,868	43.1
Los Angeles-Orange-Riverside-San Bernardino Assessment Area 2015								
Bank Lending	2	28.6	0	0.0	3	42.9	2	28.6
Aggregate Lending	24,742	5.2	94,563	20.0	135,800	28.7	217,723	46.0
Business Concentration	48,017	5.7	180,873	21.4	246,391	29.2	368,367	43.7
Los Angeles-Orange-Riverside-San Bernardino Assessment Area 2016								
Bank Lending	2	6.7	4	13.3	10	33.3	14	46.7
Aggregate Lending	30,068	4.8	121,163	19.2	177,997	28.2	301,711	47.8
Business Concentration	43,513	5.7	163,632	21.3	223,606	29.1	337,564	43.9
Los Angeles-Orange-Riverside-San Bernardino Assessment Area 2017								
Bank Lending	4	16.0	4	16.0	13	52.0	4	16.0
Aggregate Lending	22,911	4.5	103,796	20.5	139,410	27.5	240,081	47.4
Business Concentration	34,672	5.1	144,594	21.1	191,719	28.0	314,739	45.9
Los Angeles-Orange-Riverside-San Bernardino Assessment Area 2018								
Bank Lending	1	4.0	4	16.0	11	44.0	9	36.0
Aggregate Lending[50]	24,771	4.4	113,375	20.3	153,043	27.4	267,976	47.9
Business Concentration	42,460	5.0	180,125	21.2	236,350	27.8	390,900	46.0

Lending Distribution by Business Revenue

The distribution of credit to businesses of different revenue sizes is reasonable. Similar to the analysis performed for *Lending Distribution by Geography*, this analysis also more heavily weighted lending in 2016 through 2018 given the financial constraints impacting loan volume in 2014 and 2015. As depicted in Exhibit 9 on the following page, lending to businesses with revenues of less than $1.0 million varied compared to aggregate, with performance exceeding aggregate in 2016 and below aggregate in 2017 and 2018. However, the majority of the bank's originations or renewals during the review period were for loan amounts of less than $250,000, thereby helping to address the need for smaller dollar credit within the assessment area.

[50] The 2018 aggregate data is preliminary.

Exhibit 9 Business Revenue Distribution of Small Business Loans							
Year	Bank Lending #	Lending to Businesses with Revenue <=$1 Million			Originations Regardless of Revenue Size by Loan Amount		
		Bank Lending (%)	Businesses <=$1M in Revenue (%)	Aggregate Lending (%)	<=$100K (%)	> $100K & <=$250K (%)	>250K & <=$1M (%)
2014	14	35.7	89.4	48.2	28.6	35.7	35.7
2015	7	28.6	92.1	54.2	28.6	0.0	71.4
2016	30	46.7	90.8	44.3	46.7	16.7	36.7
2017	25	32.0	89.9	52.7	32.0	28.0	40.0
2018	25	28.0	91.4	47.0[51]	20.0	44.0	36.0

Response to Complaints

CWB did not receive any CRA-related complaints during the review period. Accordingly, the bank's performance in responding to complaints was not considered in evaluating its overall CRA performance.

Fair Lending or Other Illegal Practices Review

Concurrent with this CRA evaluation, a review of CWB's compliance with applicable consumer protection laws and regulations was conducted. The review found no evidence of violations of the substantive provisions of anti-discrimination, fair lending, or credit practices rules, laws or regulations.

[51] The 2018 aggregate data is preliminary.

GLOSSARY OF TERMS

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.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

(i) Low- or moderate-income geographies;
(ii) Designated disaster areas; or
(iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
   a. Rates of poverty, unemployment, and population loss; or
   b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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.

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, which 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).

Full-scope review: Performance under the lending and community development tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the lending and community development tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, 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.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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

Multifamily: Refers to a residential structure that contains five or more units**.**

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

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 qualified investment is defined as any 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.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): 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, or are classified as loans to finance agricultural production and other loans to farmers.

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