PUBLIC DISCLOSURE

April 8, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Nano Banc
RSSD #3635029

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Irvine, California 92618

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

TABLE OF CONTENTS

INSTITUTION RATING

Institution's Community Reinvestment Act (CRA) Rating

Nano Banc is rated "SATISFACTORY"

The major factors supporting the institution's rating include:

- A reasonable loan-to-deposit ratio;
- A majority of small business loans extended within the bank's assessment area;
- A reasonable geographic distribution of small business lending; and
- A reasonable distribution of lending to businesses of different sizes.

INSTITUTION

Description of Institution

Nano Banc (Nano) is headquartered in Irvine, California, with total assets of $579.3 million as of March 31, 2019. The bank is wholly owned by Nano Financial Holdings, Inc. Nano Financial Holdings, Inc. effectively became a bank holding company on May 1, 2018, after it was approved to purchase Commerce Bank of Temecula Valley (CBTV) in Murrieta, California. Upon acquisition, CBTV was renamed Nano Banc.

Nano focuses on serving the needs of commercial clients, primarily in Orange, Los Angeles and Riverside counties. In addition to its headquarters in Irvine, California, Nano maintains the legacy CBTV office located in Murrieta (Riverside County). The Irvine branch was opened at the bank's headquarters in October 2018.

Nano offers a range of commercial banking services, including lines of credit, Small Business Administration loans, and commercial real estate loans. In addition, deposit products include traditional checking accounts, savings accounts, money market deposit accounts, and certificates of deposit. Other services include online banking, mobile banking, remote deposit capture, and automated teller machine (ATM) access. Nano does not maintain proprietary ATMs but provides clients with access to an ATM network.

Exhibit 1 below represents Nano's loan portfolio as stated in the Consolidated Reports of Condition and Income as of December 31, 2018, and illustrates the bank's commercial lending focus. Loans secured by residential real estate are primarily for commercial purposes as well.

EXHIBIT 1
LOANS AND LEASES AS OF DECEMBER 31, 2018

Loan Type	$ ('000s)	%
Commercial/Industrial & Non-Farm Non-Residential Real Estate	341,210	80.2
Multi-Family Residential Real Estate	41,372	9.7
Secured by 1-4 Family Residential Real Estate	24,390	5.7
Construction & Land Development	18,155	4.3
Farm Land & Agriculture	382	0.1
Consumer Loans & Credit Cards	47	0.0
Total (Gross)	425,556	100.0

Nano's ability to meet community credit needs was evaluated based on the bank's financial condition and size, local economic conditions, assessment area demographics, and the competitive environment in which the bank operates. Nano did not face any legal or financial impediments during the review period that would prevent the bank from helping to meet the credit needs of its assessment areas.

Description of Assessment Area

Nano Banc has one assessment area that is composed of the entirety of Orange, Riverside and Los Angeles counties. Orange and Los Angeles counties compose the Los Angeles-Long Beach-Anaheim Metropolitan Statistical Area (MSA), and Riverside County is part of the Riverside-San Bernardino-Ontario MSA. Both MSAs are part of the larger Los Angeles-Long Beach Combined Statistical Area (CSA).

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. Los Angeles County is located along the Pacific Coast in Southern California, south of Kern County and north of Orange County. In 2018, the assessment area was home to more than 15.7 million people.[1] Los Angeles is the most populous county in California with over ten million people. Orange County is the third most populous county in the State with over three million people, followed by Riverside County as the fourth most populous with over two million people.[2]

As of June 30, 2018, the assessment area had 129 Federal Deposit Insurance Corporation-insured commercial institutions operating 2,716 offices.[3] As of this time, Nano Banc operated one branch in the assessment area, which had total deposits of $150.6 million, representing 0.03 percent of the market.[4] As stated previously, the bank later opened the Irvine branch at its headquarters in October 2018.

Exhibit 2 on the following page presents key demographic and business information used to help develop a performance context for the assessment area. This information was gathered from 2018 FFIEC Census and 2018 Dun and Bradstreet data.

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

Exhibit 2 Assessment Area Demographics Orange-Riverside-Los Angeles 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	283	8.4	241,395	7.0	86,269	35.7	820,015	23.9
Moderate-income	952	28.1	913,476	26.6	197,979	21.7	561,801	16.4
Middle-income	926	27.4	952,241	27.8	101,266	10.6	591,759	17.3
Upper-income	1,165	34.4	1,317,992	38.4	60,840	4.6	1,454,763	42.4
Unknown-income	56	1.7	3,234	0.1	609	18.8	0	0.0
Total AA	3,382	100.0	3,428,338	100.0	446,963	13.0	3,428,338	100.0
Income Categories	**Housing Units by Tract**	**Housing Types by Tract**						
		Owner-Occupied			**Rental**		**Vacant**	
		#	**%**	**%**	**#**	**%**	**#**	**%**
Low-income	372,261	65,628	2.6	17.6	281,149	75.5	25,484	6.8
Moderate-income	1,379,354	456,960	18.0	33.1	826,351	59.9	96,043	7.0
Middle-income	1,478,202	735,580	29.0	49.8	634,332	42.9	108,290	7.3
Upper-income	2,107,607	1,275,539	50.3	60.5	679,046	32.2	153,022	7.3
Unknown-income	19,258	1,462	0.1	7.6	15,607	81.0	2,189	11.4
Total AA	5,356,682	2,535,169	100.0	47.3	2,436,485	45.5	385,028	7.2
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	37,799	4.8	33,845	4.7	3,721	5.9	233	4.4
Moderate-income	158,479	20.1	143,078	19.9	14,427	22.9	974	18.3
Middle-income	209,935	26.7	189,886	26.4	18,791	29.9	1,258	23.6
Upper-income	368,339	46.8	342,196	47.6	23,418	37.2	2,725	51.1
Unknown-income	12,245	1.6	9,532	1.3	2,569	4.1	144	2.7
Total AA	786,797	100.0	718,537	100.0	62,926	100.0	5,334	100.0
% of Total Businesses				91.3		8.0		0.7
2018 Median Family Income[5]				2018 Median Housing Value[6]				
Los Angeles			$62,703	Los Angeles				$588,140
Orange County			$86,003	Orange County				$785,000
Riverside County			$61,507	Riverside County				$398,000
2018 HUD Adjusted Median Family Income[7]				2018 Unemployment Rate[8]				
Los Angeles			$69,300	Los Angeles				4.7%
Orange County			$92,700	Orange County				2.9%
Riverside County			$65,800	Riverside County				4.4%

[5] FFIEC Median Family Income; available from: https://www.ffiec.gov/Medianincome.htm.

Economic Conditions

During the review period, the Orange-Riverside-Los Angeles 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 County.

Key drivers of economic expansion in Orange County were healthcare and tourism, as well as biomedical, software and aerospace in smaller sectors.[9] Investment by international and technology companies in high-value-added industries expanded production and employment.[10] Lower gas prices, stronger regional economies, and Disneyland factored into a boost in tourism,[11] with visitation to Orange County hitting a four-year high in 2017.[12] 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.[13] 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.[14]

Available land and low costs helped to drive economic and demographic growth in Riverside County.[15] Due to consumer demand for logistics in transportation, distribution and warehousing, Riverside County experienced low-wage job growth and economic expansion.[16] Riverside County composes part of the metro area known as the Inland Empire, which is a logistics hub for the Ports of Los Angeles and Long Beach.[17] These ports are the largest entryways for consumer goods into the United States.[18] The metro area thrived because of its ability to receive imported goods from the ports, cheaply store them, and distribute them throughout the country.[19] Additionally, due to lower business and housing costs, Riverside County benefited from in-migration of firms and workers fleeing the exorbitant costs of other areas of Southern California.[20] Businesses came to the metro area to capitalize on its low-cost structure and proximity to major demand centers.[21] Low costs, available land, and proximity to cosmopolitan cities made the housing a comparative advantage for the Inland Empire.[22]

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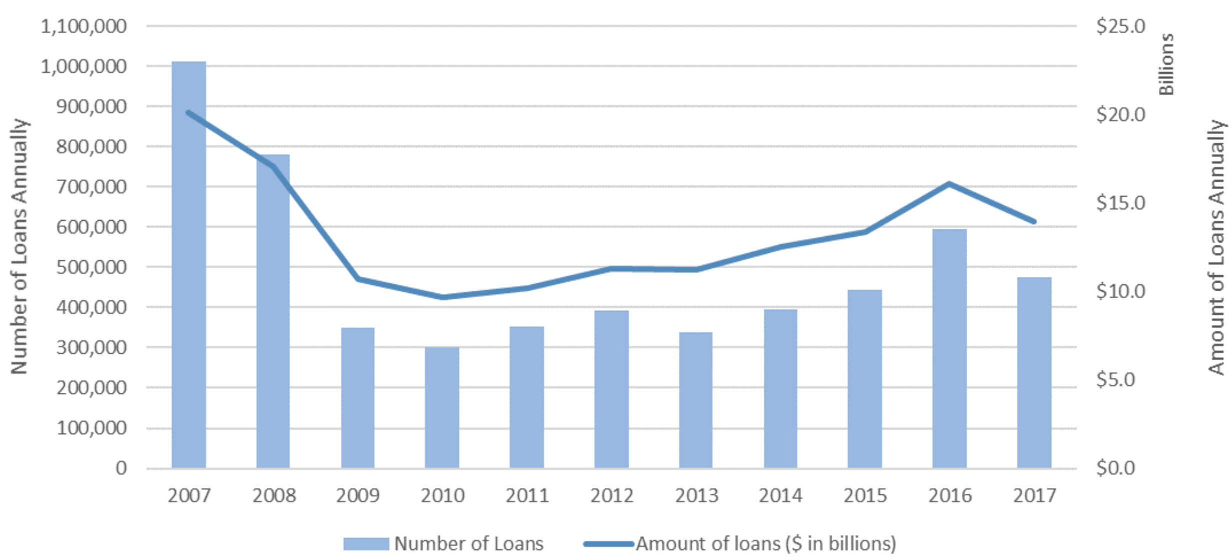
[6] California Association of Realtors, Historical Housing Data, Median Prices of Existing Detached Homes as of December 2018; available from: https://www.car.org/marketdata/data/housingdata/.
[7] FFIEC Adjusted Median Family Income; available from: https://www.ffiec.gov/Medianincome.htm.
[8] Annual Unemployment Rate, U.S Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: http://data.bls.gov/cgi-bin/dsrv?la.
[9] Orange County Community Indicators Project, Community Indicators 2018; available from: http://www.ocgov.com/about/infooc/facts/indicators.
[10] Moody's Precis Report, Los Angeles, December 2013.
[11] Moody's Precis Report, Anaheim-Santa Ana-Irvine CA, August 2017.
[12] Moody's Precis Report, Anaheim-Santa Ana-Irvine CA, November 2018.
[13] Moody's Precis Report, Anaheim-Santa Ana-Irvine CA, August 2015.
[14] Moody's Precis Report, Anaheim-Santa Ana-Irvine CA, August 2017.
[15] Moody's Precis Report, Riverside, April 2012.
[16] Moody's Precis Report, Riverside-San Bernardino-Ontario CA, November 2018.
[17] InlandEmpire.US, Business, Education & Jobs in the Inland Empire; available from: https://inlandempire.us/about-the-ie/.
[18] Ibid.
[19] Moody's Precis Report, Riverside-San Bernardino-Ontario CA, April 2015.
[20] Moody's Precis Report, Riverside-San Bernardino-Ontario CA, November 2018.
[21] Moody's Precis Report, Riverside-San Bernardino-Ontario CA, April 2016.
[22] Moody's Precis Report, Riverside-San Bernardino-Ontario CA, April 2015.

Los Angeles County experienced economic expansion due to its dynamic job and income growth. Primary drivers of the economy were technology, tourism, trade, entertainment, and healthcare.[23] Construction rose through the development of new multi-family residential units, but new single-family home and commercial construction experienced only modest growth.[24] The Ports of Long Beach and Los Angeles are in the midst of a multi-year infrastructure expansion, which spurred investment and supported trade in the area.[25] Silicon Beach, the Westside region of Los Angeles that is home to over 500 tech startup companies, capitalized on the convergence of entertainment and technology in Los Angeles.[26] 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.[27] 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.[28]

Economic improvements in the assessment area can be seen in small business lending. As depicted in Exhibit 3, 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 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 91.3 percent of all businesses in the assessment area as depicted in Exhibit 2.

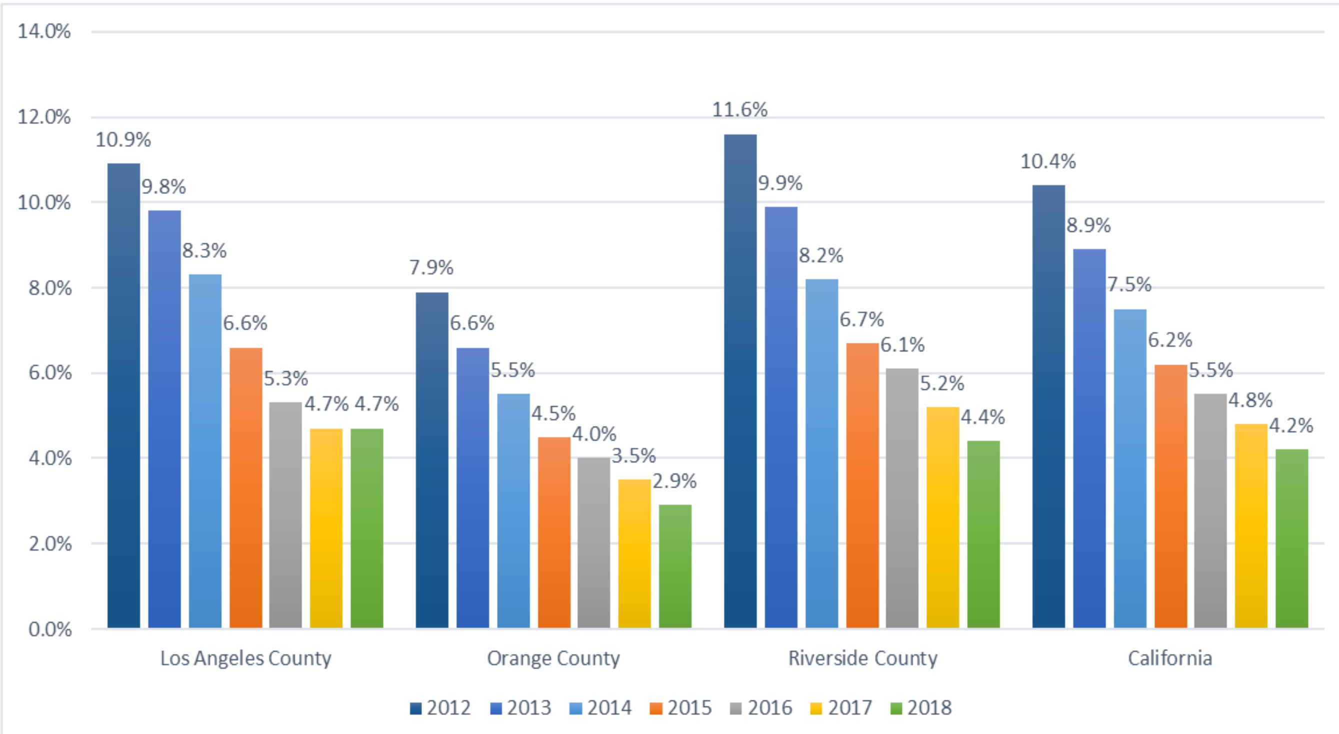
Exhibit 3
Loans to Small Businesses in Assessment Area[29]
2007-2017



[23] Moody's Precis Report, Los Angeles-Long Beach-Glendale CA, November 2018.
[24] Moody's Precis Report, Los-Angeles-Long Beach-Glendale CA, December 2015.
[25] Moody's Precis Report, Los-Angeles-Long Beach-Glendale CA, April 2016.
[26] Moody's Precis Report, Los-Angeles-Long Beach-Glendale CA, August 2017.
[27] Moody's Precis Report, Los Angeles-Long Beach-Glendale CA, November 2018.
[28] Ibid.
[29] Aggregate CRA Small Business data reports available from: http://www.ffiec.gov/craadweb/national.aspx.

As depicted in Exhibit 4, the unemployment rate in the assessment area decreased steadily during the review period. While Los Angeles County's unemployment rate levelled off at 4.7 percent in 2018, Orange County's annual unemployment rate decreased to 2.9 percent, one of the lowest rates in the state of California.

Exhibit 4
Unemployment Rate[30]
2012-2018

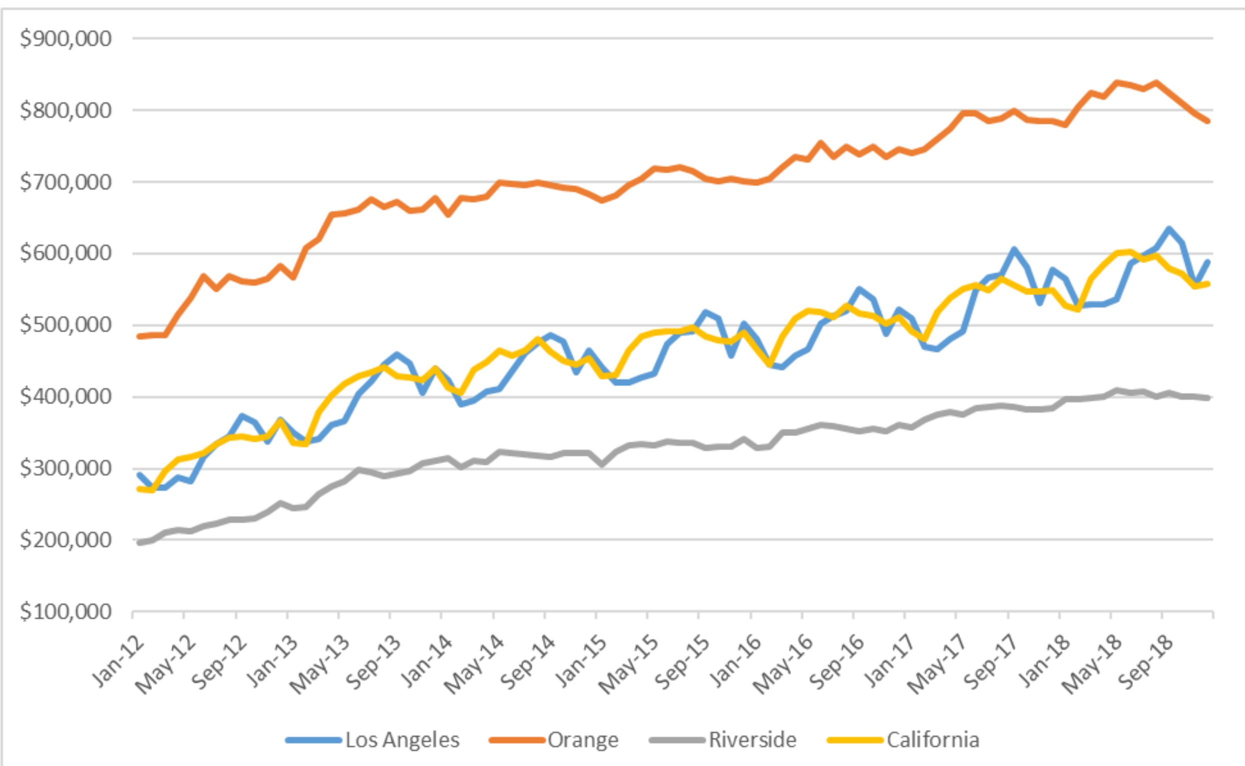


As depicted in Exhibit 5 on the following page, median home prices in Orange County are significantly higher than the other counties in the assessment area as well as the state. In December 2018, the median home prices of $785,000 in Orange County and $588,140 in Los Angeles County were above the statewide median of $557,600; whereas, the median home price of $398,000 in Riverside was well below the statewide median. However, home prices in all three counties trended upward 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, and 37 percent in Riverside County can afford to purchase the median priced home in their region compared to 54 percent of families in the U.S.[31]

[30] U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: http://data.bls.gov/cgi-bin/dsrv?la.
[31] California Association of Realtors, Housing Affordability Index-Traditional, 2018 Q4; available from: http://www.car.org/marketdata/data/haitraditional/.

Housing affordability is a serious problem in Southern California.[32] 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.[33] In the second quarter of 2018, the average apartment rent in Orange County was $2,035 per month.[34] 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 that could match up with that renter.[35] 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 are considered cost-burdened).[36] 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.

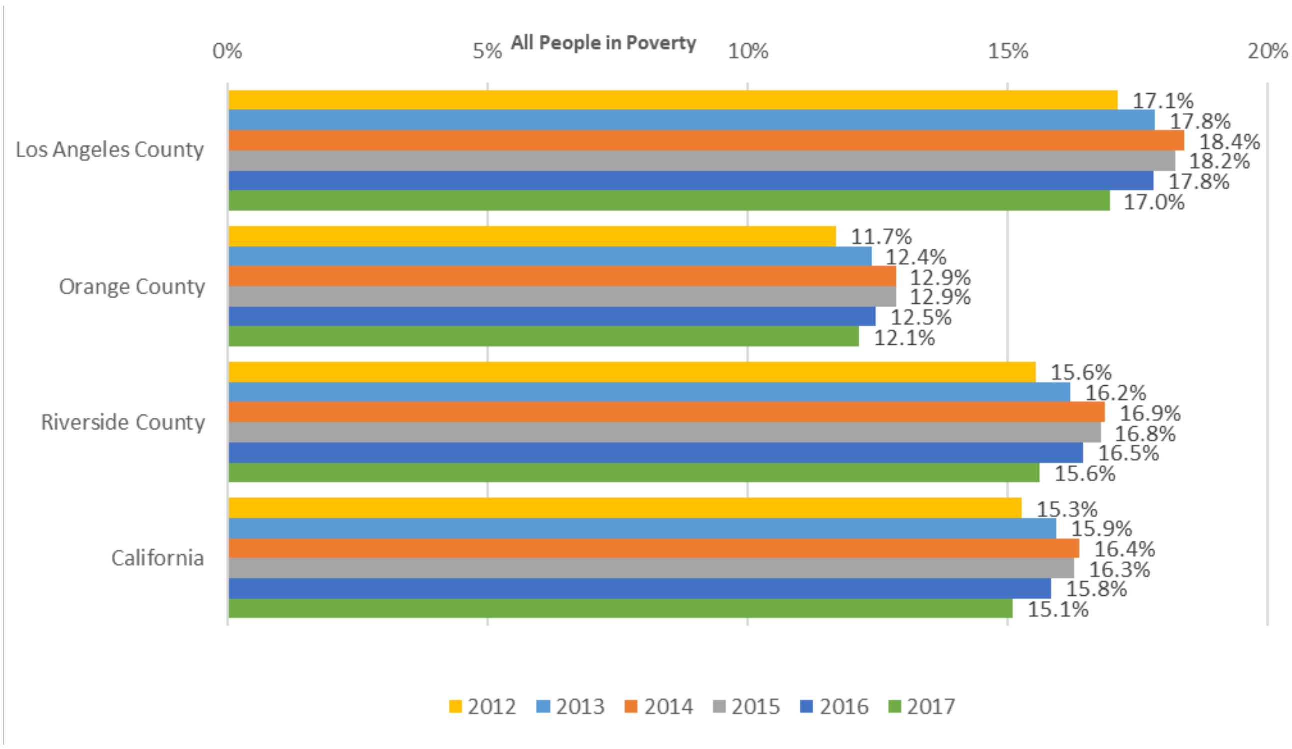
Exhibit 5
Median Home Prices[37]
2012-2018



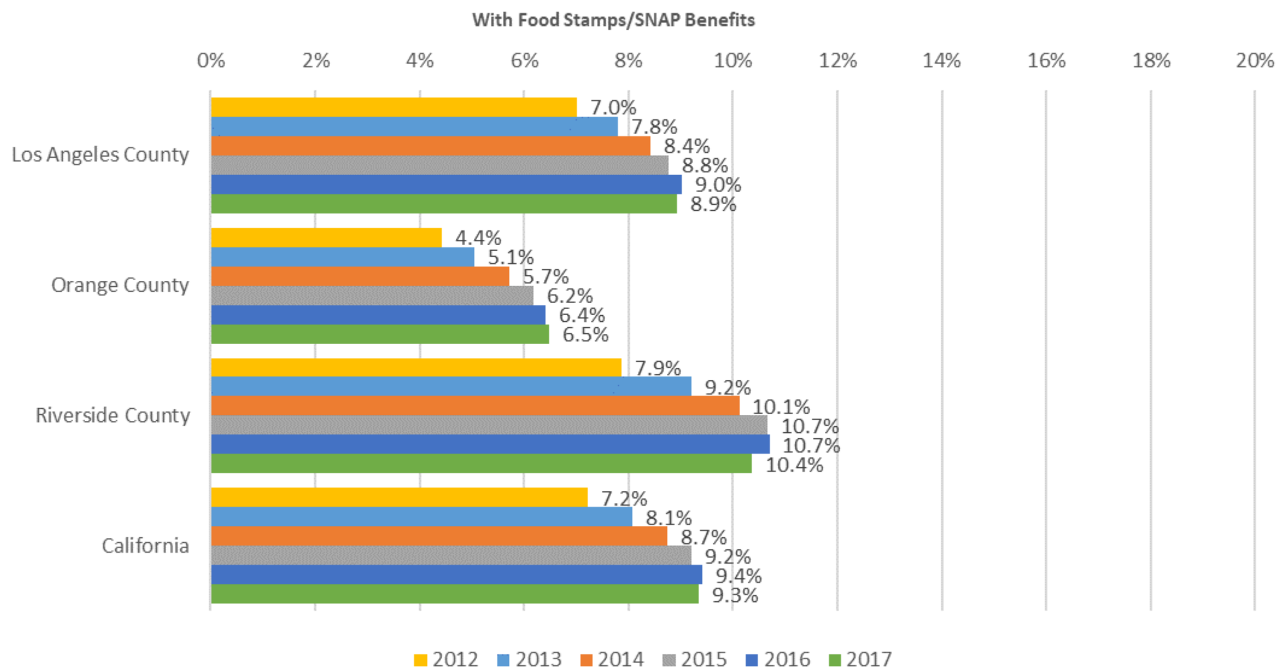
[32] University of Southern California Lusk, Casden Real Estate Economics Forecast, 2018 Multifamily Forecast Report.
[33] Ibid.
[34] Ibid.
[35] Ibid.
[36] U.S. Census Bureau, American Community Survey 1 Yr Estimates, DP04, 2017; available from: http://factfinder2.census.gov.
[37] California Association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

As depicted in Exhibit 6, the percentage of people living below the poverty level peaked in 2014, while the percentage of households on food stamps in the assessment area steadily increased, until levelling off in 2017. According to the Supplemental Poverty Measure (SPM), 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.[38] 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.[39] 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. 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.[40] In Orange County, 32.3 percent of all households are liquid asset poor,[41] while in Riverside County, the liquid asset poverty rate is 40.8 percent.[42] The highest levels in the assessment area are in Los Angeles County where 43.6 percent of all households are liquid asset poor.[43]

Exhibit 6
Poverty and Food Stamp Usage Rates[44]
2012-2017



[38] U.S. Census Bureau, The Supplemental Poverty Measure: 2017; available from: https://www.census.gov/library/publications/2018/demo/p60-265.html.
[39] Orange County Point in Time (PIT) Count 2017; available from: http://www.ocgov.com/civicax/filebank/blobdload.aspx?BlobID=64596.
[40] Prosperity Now, Scorecard, Los Angeles, CA Metro; available from: https://scorecard.prosperitynow.org/data-by-location.
[41] Prosperity Now, Scorecard, Orange County, CA; available from: https://scorecard.prosperitynow.org/data-by-location.
[42] Prosperity Now, Scorecard, Riverside County, CA; available from: https://scorecard.prosperitynow.org/data-by-location.
[43] Prosperity Now, Scorecard, Los Angeles County, CA; available from: https://scorecard.prosperitynow.org/data-by-location.
[44] 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 generally 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.[45] Less than half of the firms that applied for credit—47 percent—received all of the financing they sought.[46] 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.[47] Of the financing and credit products sought by businesses, 85 percent of applicants applied for either a business loan or line of credit.[48] Loan/line of credit and cash advance applicants reported higher approval rates—60 percent—in the 2018 survey than in previous surveys.[49] 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.[50] Financing shortfalls were particularly pronounced among firms with weak credit profiles, unprofitable firms, younger firms, and firms in urban areas.[51] Overall, there is a general need for more access to credit and smaller dollar loans.

[45] Small Business Credit Survey, Report on Employer Firms 2019, available from: https://www.fedsmallbusiness.org/medialibrary/fedsmallbusiness/files/2019/sbcs-employer-firms-report.pdf.
[46] Ibid.
[47] Ibid.
[48] Ibid.
[49] Ibid.
[50] Ibid.
[51] Ibid.

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.[52] The need for affordable housing units in Riverside-San Bernardino-Ontario MSA is also severe, with just 20 affordable and available units at or below the extremely low-income threshold.[53] 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 (PMI) 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, advocacy work, and classes and education around home ownership and financial literacy.

Scope of Examination

Nano's 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 following performance criteria:

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

The lending test also requires an evaluation of responsiveness to consumer complaints; however, Nano did not receive any CRA-related complaints during the review period.

The lending test evaluation was based on 213 small business loans originated by CBTV or Nano between July 1, 2012 through October 31, 2018. Of this universe, a sample of 104 small business loans was considered in the evaluation of *Lending in the Assessment Area*. Of that total, 89 small business loans were extended within the bank's assessment area. These loans were considered in the evaluation of *Lending Distribution by Geography* and *Lending Distribution by Business Revenue*.

[52] 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.
[53] Ibid.

In addition, the bank provided community development activities at its option to potentially enhance overall performance. As such, a review of qualified investments and services was performed in line with examination procedures.

Conclusions with Respect to Performance Criteria

Nano's overall performance under the lending test is satisfactory. Lending levels relative to deposits are reasonable and a majority of loans were extended within the bank's assessment areas. The geographic distribution of small business loans is reasonable, with good penetration in low- and moderate-income census tracts. The distribution of small business loans among businesses of different revenue sizes is also reasonable.

Loan-to-Deposit Ratio

Nano's loan-to-deposit ratio is reasonable. The bank's average loan-to-deposit ratio over the 26-quarter period ending December 31, 2018, is 85.5 percent. This ratio compares reasonably with the state and national peer averages of 82.0 percent and 72.6 percent, respectively.

Lending in Assessment Area

A majority of the small business loans evaluated were extended within the bank's assessment areas, as reflected in Exhibit 7 below. These lending levels indicate that Nano is effectively engaged in lending within its defined markets.

Exhibit 7
Lending Inside and Outside the Assessment Areas
July 1, 2012 to October 31, 2018

Loan Type	Inside				Outside			
	#	%	$ ('000s)	%	#	%	$ ('000s)	%
Small Business	89	85.6	23,722	83.9	15	14.4	4,546	16.1
Total Business Related	89	85.6	23,722	83.9	15	14.4	4,546	16.1
Total Loans	89	85.6	23,722	83.9	15	14.4	4,546	16.1

Lending Distribution by Geography

The geographic distribution of small business lending throughout the assessment area is reasonable. As shown in Exhibit 8 on the following page, Nano was able to penetrate a low-income census tract with its small business lending in 2018. Prior to the acquisition of CBTV, legacy CBTV loans did not penetrate low-income census tracts within the assessment area; however, the penetration in moderate-income census tracts was generally in line with or exceeded the performance of lenders operating in the assessment area.

EXHIBIT 8 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS								
Census Tract	Low		Moderate		Middle		Upper	
	#	%	#	%	#	%	#	%
Orange-Riverside-Los Angeles Assessment Area 2012								
Bank Lending	0	0.0	2	18.2	4	36.4	5	45.5
Aggregate Lending	18,538	4.9	69,400	18.3	102,421	27.0	188,827	49.8
Business Concentration	51,646	6.0	189,933	22.2	246,572	28.8	368,023	43.0
Orange-Riverside-Los Angeles Assessment Area 2013								
Bank Lending	0	0.0	2	13.3	8	53.3	5	33.3
Aggregate Lending	17,240	5.2	62,737	19.0	90,406	27.4	159,941	48.4
Business Concentration	44,640	6.0	163,665	22.0	214,230	28.8	320,200	43.1
Orange-Riverside-Los Angeles Assessment Area 2014								
Bank Lending	0	0.0	9	45.0	7	35.0	4	20.0
Aggregate Lending	20,585	5.3	76,085	19.7	108,142	27.9	182,271	47.1
Business Concentration	41,341	5.7	154,224	21.4	206,760	28.7	318,001	44.1
Orange-Riverside-Los Angeles Assessment Area 2015								
Bank Lending	0	0.0	3	18.8	10	62.5	3	18.8
Aggregate Lending	23,143	5.3	86,940	19.9	122,884	28.1	204,005	46.7
Business Concentration	43,467	5.7	162,122	21.1	219,995	28.6	343,133	44.6
Orange-Riverside-Los Angeles Assessment Area 2016								
Bank Lending	0	0.0	0	0.0	5	62.5	3	37.5
Aggregate Lending	27,954	4.8	110,963	19.1	160,602	27.6	281,812	48.5
Business Concentration	39,387	5.6	146,776	20.9	199,876	28.5	314,823	44.9
Orange-Riverside-Los Angeles Assessment Area 2017								
Bank Lending	0	0.0	1	8.3	8	66.7	3	25.0
Aggregate Lending	20,970	4.5	93,320	20.0	125,124	26.9	226,482	48.6
Business Concentration	30,732	4.9	127,293	20.4	170,659	27.3	296,654	47.4
Orange-Riverside-Los Angeles Assessment Area 2018								
Bank Lending	1	14.3	3	42.9	2	28.6	1	14.3
Aggregate Lending[54]	22,621	4.4	101,804	19.8	137,550	26.7	252,263	49.1
Business Concentration	37,799	4.9	158,479	20.5	209,935	27.1	368,339	47.6

Lending Distribution by Business Revenue

The distribution of small business loans by business revenue is reasonable. As shown in Exhibit 9 on the following page, Nano's lending to businesses with gross annual revenues of less than or equal to $1 million fluctuated year-over-year; however, the performance in most years was in line with aggregate lending in the assessment area and significantly improved in 2018 upon acquiring CBTV. Additionally, the bank originated a majority of loans in amounts less than $250,000 prior to 2018, which helps to address an articulated credit need for smaller dollar loans within the assessment area.

[54] The 2018 aggregate data is preliminary and was not available as of the date of the examination. While the preliminary 2018 data is included here for reference, the 2014-2017 aggregate data was utilized to conduct this evaluation.

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 (%)
2012	11	54.5	90.1	48.5	72.7	9.1	18.2
2013	15	20.0	89.5	51.2	60.0	13.3	26.7
2014	20	45.0	89.4	48.3	55.0	15.0	30.0
2015	16	50.0	92.0	54.2	43.8	31.3	25.0
2016	8	37.5	90.8	44.3	25.0	37.5	37.5
2017	12	25.0	89.8	52.9	25.0	33.3	41.7
2018	7	57.1	91.3	47.1[55]	0.0	14.3	85.7

Response to Complaints

Nano 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.

Community Development Activities

Nano participated in qualified community development activities during the review period; however, they did not significantly enhance the bank's overall performance. Provided below is a summary of qualified investments and services:

- The bank made an investment of $100,000 to a qualified Community Development Financial Institution (CDFI), which allowed the CDFI to make loans to organizations that benefit low-income and distressed communities.
- One member of management contributed 22 community development service hours to this CDFI as a director.
- Bank representatives also contributed 29 community development service hours to a non-profit organization that promotes financial literacy to low- and moderate-income youth.

Fair Lending or Other Illegal Practices Review

Concurrent with this CRA evaluation, a review of the bank's compliance with consumer protection laws and regulations was conducted and found no violations of the substantive provisions of anti-discrimination, fair lending, or other illegal credit practice rules, laws or regulations that were inconsistent with helping to meet community credit needs.

[55] Ibid.

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.