

PUBLIC DISCLOSURE

October 26, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

United Security Bank

RSSD # 1162017

**2126 Inyo Street
Fresno, California, 93721**

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

United Security Bank is rated SATISFACTORY

The following table shows the performance ratings for the lending and community development tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS	
	LENDING TEST	COMMUNITY DEVELOPMENT TEST
OUTSTANDING		
SATISFACTORY	X	X
NEEDS TO IMPROVE		
SUBSTANTIAL NONCOMPLIANCE		

The major factors supporting the institution's rating include:

- A reasonable loan-to-deposit ratio;
- A substantial majority of loans extended within the bank's assessment areas;
- A poor geographic distribution of small business loans;
- An excellent distribution of small business loans to businesses of different sizes, including businesses with gross revenues of \$1 million or less; and
- An adequate responsiveness to community development needs that created or maintained a substantial number of jobs within the bank's assessment areas.

INSTITUTION

Description of Institution

United Security Bank (USB), a wholly-owned subsidiary of United Security Bancshares, is headquartered in Fresno, California, and reported total assets of \$956 million as of December 31, 2019. USB has a network of 13 offices, which includes their headquarters and 12 full-service branches. The bank also operates nine stand-alone automated teller machines (ATMs). There are 11 branches in California’s San Joaquin Valley (Fresno, Kern, and Madera counties) and one branch in the San Francisco Bay Area’s Santa Clara County. Since the previous examination, the bank opened one branch in Mendota, located in Fresno County, on September 17, 2020.

USB is a full-service community bank that provides loan and deposit products for individuals and small-to medium-sized businesses. Commercial loan products include commercial real estate, construction, agricultural, working capital, accounts receivable, inventory, equipment financing, and Small Business Administration (SBA) loans. Consumer loans are offered on a more limited basis and include auto loans, certificate of deposit (CD)/savings secured loans, and personal loans. The bank offers standard business and consumer deposit products, such as checking, savings, and money market deposit accounts. USB also offers services, including remote deposit capture and online banking.

Exhibit 1 below depicts the bank’s loan portfolio, as stated in its December 31, 2019, Consolidated Reports of Condition and Income, and illustrates the bank’s commercial lending focus.

EXHIBIT 1 LOANS AND LEASES AS OF DECEMBER 31, 2019		
Loan Type	\$ ('000s)	%
Commercial/Industrial & Non-Farm Non-Residential Real Estate	276,909	46.4
Construction & Land Development	110,768	18.5
Consumer Loans & Credit Cards	69,674	11.7
Farm Land & Agriculture	51,965	8.7
Secured by 1-4 Family Residential Real Estate	50,248	8.4
Multi-Family Residential Real Estate	37,581	6.3
All Other	230	0.0
Total (Gross)	597,375	100.0

USB did not face any legal or financial impediments during the review period that would have prevented it from helping to meet the credit needs of its assessment area consistent with its business strategy, financial capacity, size, and local economic conditions. The bank received a satisfactory rating at its previous CRA examination, which was conducted as of March 20, 2017, by the Federal Reserve Bank of San Francisco using the *Interagency Intermediate Small Institution Examination Procedures*.

USB's assessment areas include the following geographies:

- The Fresno assessment area consists of Fresno County in its entirety, which constitutes the Fresno, California Metropolitan Statistical Area (MSA);
- The Madera assessment area consists of Madera County in its entirety, which constitutes the Madera, California MSA;
- The Kern assessment area is composed of Kern County in its entirety, which constitutes the Bakersfield, California MSA; and
- The Santa Clara assessment area is comprised of Santa Clara County in its entirety, which is part of the San Jose-Sunnyvale-Santa Clara, California MSA.

The bank's primary market remains the Fresno assessment area, which is home to USB's headquarters and eight of its 12 branches. The Kern assessment area contains two branches, and the Madera and Santa Clara assessment areas contain one branch each.

Scope of Examination

USB's CRA performance was evaluated using the *Interagency Intermediate Small Institution Examination Procedures*. Performance for intermediate small banks is evaluated under two tests that consider the bank's lending and community development activities. The Fresno and Madera assessment areas were reviewed using the full-scope examination procedures. Performance in the Fresno assessment area carried the greatest weight in this evaluation since the bank's loans and deposits are predominantly concentrated in this area. The Kern and Santa Clara assessment areas received limited-scope reviews based in part on the bank's smaller presence and lower volumes of lending and deposit activity in those markets. Performance in the limited-scope areas was evaluated as being either above, consistent with, or below the performance in the full-scope assessment areas. The Limited-Scope Assessment Area Market Profiles in Appendix B include the facts and data upon which this evaluation is based.

The original examination date for this CRA performance evaluation was April 6, 2020; however, due to the COVID-19 pandemic, the examination was postponed to October 26, 2020. This examination utilized data collected prior to the original examination date of April 6, 2020. Accordingly, the review period for the lending test is January 1, 2018, through December 31, 2018; and the review period for the community development test is March 21, 2017, through April 6, 2020.

LENDING TEST

The lending test evaluation was based on the following performance criteria:

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

The evaluation was based on small business loans originated or renewed from January 1, 2018, through December 31, 2018. All loans were considered in the evaluation of Lending in the Assessment Area, which is based on a sample of 57 loans out of a total of 80 small business loans made during the

12 month review period. From that sample set, 54 small business loans were extended within the bank's assessment areas. Of these, 51 small business loans were used in the evaluation of Lending Distribution by Geography, and 54 were used in the evaluation of Lending Distribution by Business Revenue.¹ The limited small business lending in the Madera, Kern, and Santa Clara assessment areas during the review period prevented a more meaningful analysis; consequently, the bank's lending in these areas was considered but did not contribute to the overall lending test rating.

USB's responsiveness to consumer complaints was not evaluated since the bank did not receive any CRA-related complaints during the review period.

COMMUNITY DEVELOPMENT TEST

The community development test included an evaluation of the responsiveness of USB's community development activities in relation to local needs and opportunities, as well as the bank's capacity to participate in such activities. The evaluation was based on qualified community development loans, investments, and services from March 21, 2017, through April 6, 2020.

In addition, three community representatives were contacted in connection with this examination to provide information regarding credit needs and market conditions within the assessment areas. Contacts represented organizations focused on economic and community development.

¹ Three loans in the small business loan sample were located in census tracts with unknown income levels.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Lending Test

USB’s overall performance under the lending test is satisfactory. Lending levels relative to deposits are reasonable, and a substantial majority of loans are extended within the bank’s assessment areas. Lending among businesses of different revenue sizes is excellent. However, the dispersion of small business loans reflects poor penetration in low- and moderate-income geographies.

LOAN-TO-DEPOSIT RATIO

The loan-to-deposit ratio is reasonable. Since the previous CRA examination conducted on March 20, 2017, the bank’s average loan-to-deposit ratio was 74.5 percent as of March 31, 2020. This ratio compares appropriately with the state average of 86.6 percent and national average of 82.5 percent.

LENDING IN ASSESSMENT AREA

A substantial majority of the bank’s small business loans were originated within the bank’s assessment areas, as reflected in Exhibit 2 below. The high percentage of lending within the assessment areas indicates that the bank is effectively engaging in lending within its defined markets.

EXHIBIT 2 LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREAS JANUARY 1, 2018 TO DECEMBER 31, 2018 ²								
Loan Type	Inside				Outside			
	#	%	\$ ('000s)	%	#	%	\$ ('000s)	%
Small Business	54	94.7	18,539	92.6	3	5.3	1,489	7.4
Total Business Related	54	94.7	18,539	92.6	3	5.3	1,489	7.4
Total Loans	54	94.7	18,539	92.6	3	5.3	1,489	7.4

GEOGRAPHIC AND BORROWER DISTRIBUTION

Overall, USB’s small business lending demonstrated poor geographic distribution but excellent borrower distribution within its assessment areas. The geographic distribution of loans reflects poor dispersion in low- and moderate-income census tracts in the Fresno assessment area relative to the aggregate market. However, the distribution of loans among businesses of different sizes reflects excellent penetration of the market compared to the distribution of small businesses in the assessment areas and the performance of other lenders. The bank affirmatively responded to the identified need for smaller dollar loans by extending a moderate volume of small business loans in amounts of \$250,000 or less, particularly in the Fresno assessment area.

² Small business figures are based on a sample of loans originated from January 1, 2018, through December 31, 2018.

RESPONSE TO COMPLAINTS

USB 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 Test

USB’s performance under the community development test is satisfactory. The bank demonstrates adequate responsiveness to local community needs through qualified community development loans, investments, and services. USB’s community development loans primarily helped to address the needs for affordable housing, economic development, and the revitalization and stabilization of low- and moderate-income geographies. In total, these community development loans provided 788 affordable housing units and helped create or retain 3,758 jobs in low- and moderate-income areas, in designated areas of high unemployment and high poverty, or for low- and moderate-income individuals.

The bank’s community development investments supported affordable housing investment funds, as well as Small Business Investment Company (SBIC) programs that helped address community development needs in the bank’s assessment areas. USB’s donations and services primarily targeted organizations involved in community services that assist low- and moderate-income individuals.

An overview of the bank’s community development activities is listed in Exhibit 3. The details of these activities are discussed under each applicable assessment area.

EXHIBIT 3 COMMUNITY DEVELOPMENT ACTIVITIES								
Assessment Areas	Loans		Investments				Services	
			Prior Period		Current Period			
	#	\$ ('000s)	#	\$ ('000s)	#	\$ ('000s)	#	Hours
Fresno	106	150,165	0	0	40	119	142	780
Madera	6	17,333	0	0	0	0	0	0
Kern	5	6,925	0	0	0	0	21	55
Santa Clara	0	0	0	0	0	0	0	0
Broader Statewide or Regional Area	0	0	3	4,982	4	3,791	0	0
Total	117	174,423	3	4,982	44	3,909	163	835

The bank also engaged in qualified community development activities that benefited a broader statewide or regional area that include the bank’s assessment areas. The following examples illustrate these activities:

- A prior period investment, with a book value of \$3.8 million, in a fund that helped finance 155 affordable housing units for low- and moderate-income borrowers within the bank’s assessment areas;

- Current period investments of \$1.6 million, along with a prior period investments of \$1.2 million in an SBIC that provides capital to small- and medium-sized businesses; and
- A total of \$2.2 million in current period investments, which supported six affordable housing units within the bank's Fresno, Madera, and Santa Clara assessment areas.

Fair Lending or Other Illegal Practices Review

Concurrent with this CRA evaluation, a review of USB's compliance with consumer protection laws and regulations was conducted. That review found no evidence of violations of the substantive provisions of anti-discrimination, fair lending, or other illegal credit practice rules, laws, or regulations.

FULL-SCOPE ASSESSMENT AREA CONCLUSIONS

For each assessment area where a full-scope review was performed using the examination procedures.

Fresno Assessment Area

DESCRIPTION OF OPERATIONS IN FRESNO

The Fresno assessment area consists of Fresno County and comprises the entirety of the Fresno, California MSA. Fresno County is located near the center of the San Joaquin Valley region of Central California. The area is bordered by Merced and Madera counties to the north, Inyo County to the east, Tulare and Kings counties to the south, and Monterey and San Benito counties to the west. As of 2019, the population of the assessment area was 999,101.³

The assessment area had 23 Federal Deposit Insurance Corporation (FDIC)-insured institutions operating 126 offices with total deposits of \$14.3 billion as of June 30, 2019.⁴ At the time, USB operated seven branches in the area,⁵ and held \$687.6 million in deposits, representing 4.8 percent of the deposit market share.⁶

The following exhibit presents key demographic and business information used to help develop a performance context for the assessment area.

³ U.S. Census Bureau, QuickFacts, Population Estimates, July 1, 2019; available from: www.census.gov/quickfacts/.

⁴ Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2019; available from: <https://www7.fdic.gov/sod/sodMarketBank.asp?barItem=2>.

⁵ This branch count excludes USB's Mendota Branch, which was opened in September 2020.

⁶ Ibid.

EXHIBIT 4 ASSESSMENT AREA DEMOGRAPHICS FRESNO ASSESSMENT AREA 2019 FFIEC CENSUS AND 2019 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	18	9.0	16,106	7.5	8,108	50.3	54,606	25.3
Moderate-income	68	34.2	68,144	31.5	23,318	34.2	34,373	15.9
Middle-income	43	21.6	49,669	23.0	9,884	19.9	35,188	16.3
Upper-income	68	34.2	82,169	38.0	6,046	7.4	91,939	42.5
Unknown-income	2	1.0	18	0.0	6	33.3	0	0.0
Total AA	199	100.0	216,106	100.0	47,362	21.9	216,106	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	24,524	4,983	3.2	20.3	17,095	69.7	2,446	10.0
Moderate-income	102,291	36,357	23.2	35.5	58,139	56.8	7,795	7.6
Middle-income	73,198	35,120	22.4	48.0	33,182	45.3	4,896	6.7
Upper-income	121,379	80,010	51.1	65.9	30,931	25.5	10,438	8.6
Unknown-income	563	4	0.0	0.7	484	86.0	75	13.3
Total AA	321,955	156,474	100.0	48.6	139,831	43.4	25,650	8.0
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	2,108	6.4	1,899	6.3	197	7.9	12	8.8
Moderate-income	8,928	27.3	8,022	26.7	870	35.0	36	26.5
Middle-income	7,107	21.7	6,534	21.7	550	22.1	23	16.9
Upper-income	14,173	43.3	13,286	44.2	828	33.3	59	43.4
Unknown-income	383	1.2	334	1.1	43	1.7	6	4.4
Total AA	32,699	100.0	30,075	100.0	2,488	100.0	136	100.0
% of Total Businesses				92.0		7.6		0.4
2019 Median Family Income ⁷			\$49,999		December 2019 Median Housing Value ⁸			\$285,000
2019 Adjusted Median Family Income ⁹			\$57,300		2019 Unemployment Rate ¹⁰			7.2%

⁷ FFIEC Median Family Income, available from: <https://www.ffiec.gov/Medianincome.htm>.

⁸ California Association of Realtors, Historical Housing Data, Median Prices of Existing Detached Homes; available from: <https://www.car.org/marketdata/data/housingdata/>.

⁹ FFIEC Adjusted Median Family Income; available from: <https://www.ffiec.gov/Medianincome.htm>.

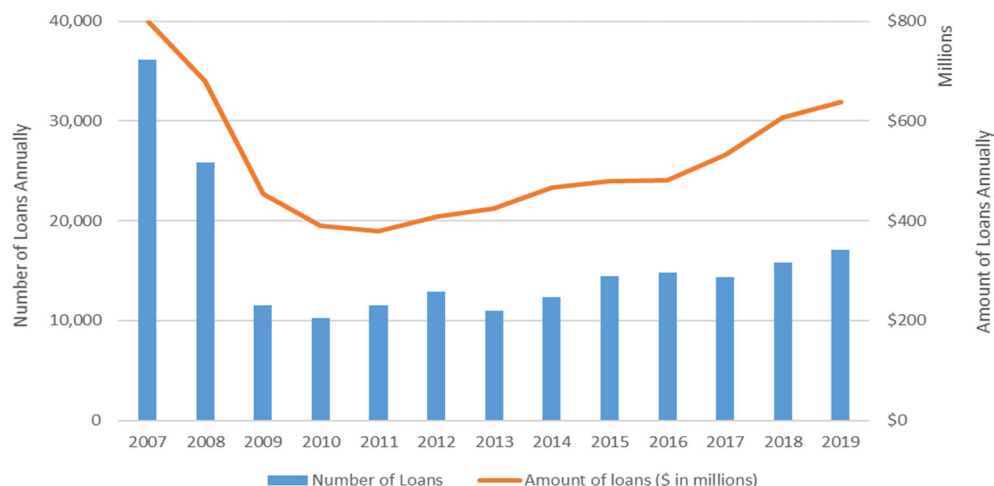
¹⁰ Annual Unemployment Rate, U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <https://www.bls.gov/lau/>.

Economic Conditions

During the review period, the Fresno assessment area experienced overall economic growth and continued to recover from the Great Recession. The economic drivers in the area were agriculture, logistics, and healthcare.¹¹ Fresno County is a top producing agricultural county in the nation. The area’s total gross agriculture production value in 2018 was \$7.9 billion, a 12 percent increase from the previous year.¹² The area’s central location, which attracts distribution, transportation, and warehousing firms, remained a key strength.¹³ Two major retailers, including Amazon, announced recent large-scale distribution center developments, adding to the existing distribution centers in the area.¹⁴ In addition to agriculture and logistics, the healthcare sector was a key economic driver during the review period. The three top employers in the area were healthcare centers.¹⁵ Furthermore, new jobs were added to the healthcare sector at approximately twice the rate as the overall economy.¹⁶ As of 2019, population growth in the area surpassed the state average for the fifth consecutive year.¹⁷

As depicted in Exhibit 5, small business lending showed improvement during the review period. Although loans to small businesses from banks subject to the CRA increased during the review period, lending remained below pre-Great Recession levels. Lending to small businesses played a critical role in the economy given that small businesses accounted for 92 percent of all businesses in the assessment area, as noted in Exhibit 4.

**EXHIBIT 5
LOANS TO SMALL BUSINESSES IN ASSESSMENT AREA¹⁸
2007-2019**



¹¹ Moody’s Precis Report, Fresno, CA, November 2018.

¹² Fresno County, 2018 Fresno County Crop Report; available from: <https://www.co.fresno.ca.us/Home/ShowDocument?id=37986>.

¹³ Moody’s Precis Report, Fresno, CA, November 2019.

¹⁴ Moody’s Precis Report, Fresno, CA, November 2018.

¹⁵ Moody’s Precis Report, Fresno, CA, November 2019.

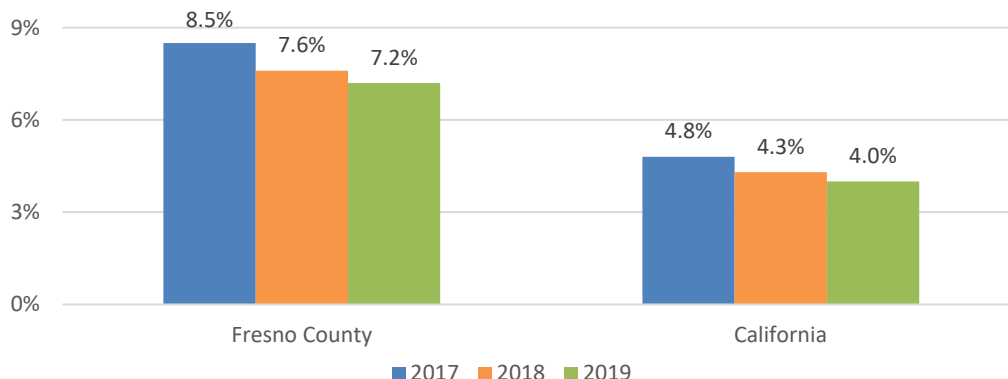
¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Aggregate CRA Small Business data reports available from: <https://www.ffiec.gov/craadweb/aggregate.aspx>.

As shown in Exhibit 6, the unemployment rate declined in the assessment area during the review period. However, the unemployment rate in the area remained higher than the statewide rate.

EXHIBIT 6
UNEMPLOYMENT RATE¹⁹
2017-2019



As depicted in Exhibit 7 on the following page, median home price in the area increased slightly during the review period and peaked in September 2019 to \$296,000. Home prices in the area remained lower than statewide median home prices throughout the review period. According to the California Association of Realtors’ Traditional Housing Affordability Index, 49 percent of families in Fresno County could afford to purchase the median priced home in the area compared to 31 percent of families in California.²⁰ Despite the relatively more affordable home prices in the area compared to the state, more than one third of homeowners in Fresno County are cost burdened, or spent more than 30 percent of their income on housing costs.²¹ Rent prices were also a significant financial burden for residents in the area. More renter-occupied households were cost burdened in the area, representing 58 percent, compared to the statewide average of 55 percent.²²

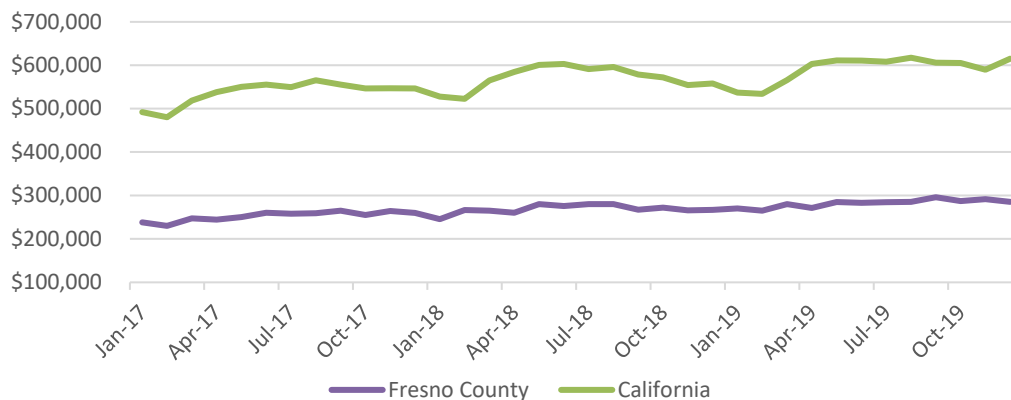
¹⁹ U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <https://www.bls.gov/lau/>.

²⁰ California Association of Realtors, Housing Affordability Index-Traditional, 2019 Q4; available from: <http://www.car.org/marketdata/data/haitraditional/>.

²¹ Prosperity Now Scorecard, Fresno County, CA; available from: <https://scorecard.prosperitynow.org>.

²² Ibid.

EXHIBIT 7
MEDIAN HOME PRICES²³
JANUARY 2017- DECEMBER 2019

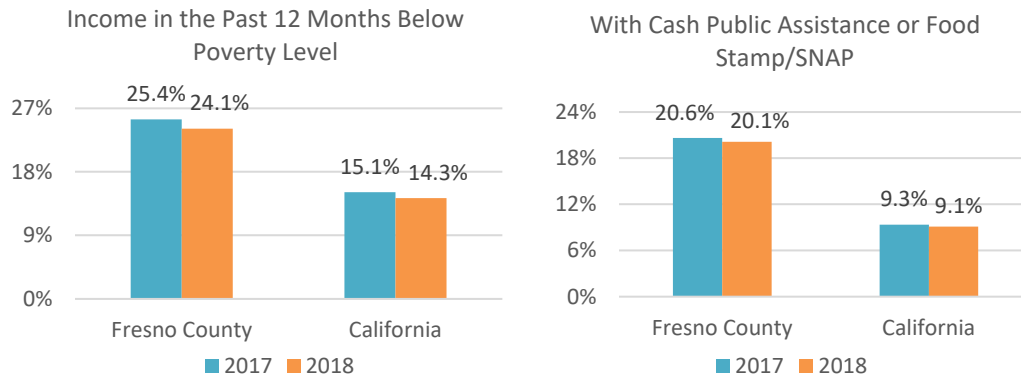


As shown in Exhibit 8 on the following page, the poverty rate decreased in both the assessment area and the state overall during the review period. However, the poverty rate in the area remained significantly higher than the rate in the state overall, with approximately one quarter of the population in Fresno County living below the poverty level. The percentage of people receiving cash assistance or food stamp/Supplemental Nutrition Assistance Program (SNAP) benefits decreased nominally during the review period. However, one in five people in the area received cash assistance or food stamp benefits, more than double the percentage of people in the state overall. The higher level of poverty in the area was also evidenced in the liquid asset poverty rate that represents the percentage of households without sufficient liquid assets to subsist at the federal poverty level for three months. The percentage of households in Fresno County that were liquid asset poor was 49 percent, compared to 34 percent of households in California.²⁴

²³ California Association of Realtors, Historical Housing Data, Median Prices of Existing Detached Homes; available from: <https://www.car.org/marketdata/data/housingdata/>.

²⁴ Prosperity Now Scorecard, Fresno County, CA; available from: <https://scorecard.prosperitynow.org>.

EXHIBIT 8
POVERTY AND FOOD STAMP USAGE RATES²⁵
2017-2018



Credit and Community Development Needs

The economic data and feedback from community contacts indicate that small businesses in the assessment area are facing challenges in accessing credit. As shown in Exhibit 4, small business lending levels improved during the review period; however, they remained below pre-Great Recession levels. The Small Business Credit Survey found that of the 43 percent of small businesses that applied for financing in the prior 12 month period, only 47 percent received all the credit they needed.²⁶ Most firms applied for less than \$100,000, primarily to expand their business or cover operating expenses.²⁷ More than half of applicants who sought financing in this range did not obtain the amount of financing needed.²⁸ The majority of applicants applied for loans or lines of credit from large banks.²⁹ However, applicants who applied for loans or lines of credit from online lenders grew from 19 percent in 2016 to 32 percent in 2018.³⁰ Firms who had financing shortfalls typically had higher credit risk, did not earn a profit, were located in urban areas, or were start-up firms less than five years old.³¹ The survey noted that the largest funding gap was most prevalent for businesses who sought between \$100,000 and \$250,000.³²

In addition to the small business credit needs, one community contact noted the need to provide technical assistance to underserved small businesses in rural areas of Fresno County. For example, the community contact noted the use of the Small Business Technical Assistance Expansion Program (SB TAEP), which provides free or low-cost one-on-one counseling or training to underserved populations. The community contact noted that financial institutions could provide more investment in local organizations to help increase technical assistance service to underserved small business owners.

²⁵ 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>.

²⁶ Small Business Credit Survey, Report on Employer Firms 2019, available from: <https://www.fedsmallbusiness.org/medialibrary/fedsmallbusiness/files/2019/sbcs-employer-firms-report.pdf>.

²⁷ Ibid.

²⁸ Ibid.

²⁹ Ibid.

³⁰ Ibid.

³¹ Ibid.

³² Ibid.

A community contact also noted the general need to help improve the financial literacy of residents. Financial institutions have an opportunity to provide this direct service to their customers or support community organizations that offer financial education.

In addition, a community contact noted that Community Development Financial Institutions (CDFI) in the area continue to face challenges in receiving sufficient lending capital. According to a community contact, the CDFIs in the area that lack sufficient capital cannot meet the demands of the small business loan applications received. The community contact indicated that there is a need for more investment from financial institutions to support the CDFIs that in turn lend to small businesses.

The emergence of the COVID-19 pandemic and related response measures created an uncertain economic environment at the end of the review period. Pandemic-associated shelter-in-place orders limited in-person business operations that impacted many small businesses and high unemployment raised early concerns of increased levels of poverty. Credit and community development needs, along with financial institutions' abilities to address these needs, continued to evolve along with the pandemic and associated responses.

Overall, there is a need for more investment and engagement from financial institutions to address the gaps in small business lending, the financing needs of community organizations, and the prevalence of poverty. Some of the most impactful activities banks could participate in to serve the residents most in need in their communities include investments in community organizations, service or advocacy, and more small business lending.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN FRESNO

Lending Test

Overall lending test performance in the Fresno assessment area is satisfactory. A substantial majority of small business loans were made within the assessment area, and addressed the credit needs for small business lending.

Lending Distribution by Geography

The geographic distribution of loans reflects poor dispersion throughout the assessment area. As shown in Exhibit 9, USB's lending in low- and moderate-income census tracts was below the aggregate performance of lenders operating within the assessment area and the concentration of businesses.

EXHIBIT 9 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS 2018 DUN AND BRADSTREET DATA								
Census Tract	Low		Moderate		Middle		Upper	
	#	%	#	%	#	%	#	%
Fresno Assessment Area 2018								
Bank Lending	1	2.4	6	14.6	9	22.0	25	61.0
Aggregate Lending	832	4.9	4,083	23.8	4,054	23.7	8,156	47.6
Business Concentration	2,137	6.5	9,039	27.6	7,197	22.0	14,354	43.9

Lending Distribution by Business Revenue

USB’s small business lending reflects excellent penetration among borrowers of different revenue sizes. As shown in Exhibit 10, the bank’s percentage of lending to businesses with gross annual revenues of \$1 million or less was higher relative to the performance of aggregate lenders operating within the assessment area. In addition, a reasonable percentage of loans were made in amounts of \$250,000 or less. USB’s performance was responsive to the identified needs for small business credit and smaller dollar loans.

EXHIBIT 10 BUSINESS REVENUE DISTRIBUTION OF SMALL BUSINESS LOANS 2018 DUN AND BRADSTREET DATA							
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 (%)
2018	44	52.3	91.7	40.6	29.5	15.9	54.5

Community Development Test

The bank’s community development performance demonstrates excellent responsiveness to the needs of the assessment area. Community development loans, investments, and services were directed to help address the needs of affordable housing, economic development, revitalization and stabilization of geographies, and community services to low- and moderate-income individuals.

The following examples highlight community development activities within the Fresno assessment area:

- A total of 42 loans totaling \$72.2 million that helped revitalize and stabilize designated geographic areas consisting of high unemployment and high poverty areas. These loans helped to create or retain 1,777 jobs;
- A total of 46 loans totaling \$37.9 million to support economic development by financing small businesses in the assessment area. These loans helped to create or retain 1,549 jobs;
- A total of 14 loans totaling \$34.2 million to provide 740 affordable housing units for low- and moderate-income individuals or families;
- A \$1.3 million line of credit to a nonprofit organization that provides medical and community services, primarily to low-income individuals in rural areas throughout the San Joaquin Valley;
- Donations totaling \$28,425 to a local university to provide scholarship opportunities for low- and moderate-income students pursuing healthcare professions within the assessment area;
- Donations totaling \$3,000 to an organization that promotes economic development for small businesses by providing financial literacy education, promoting economic self-sufficiency, and offering micro-loan programs. These donations address a stated need for technical assistance for underserved small business owners;
- One employee provided 612 hours of service as a board member and director of the finance committee for a nonprofit organization that provides community services, such as education and job training for youth in low- and moderate-income geographies; and

- A service of waiving ATM transaction fees at all bank branches and ATMs for individuals using public assistance electronic benefits transfer cards. This impactful and responsive service directly benefits the high concentration of low- and moderate-income individuals in the assessment area.

Madera Assessment Area

DESCRIPTION OF OPERATIONS IN MADERA

The Madera assessment area consists of Madera County and comprises the entirety of the Madera, California MSA. Madera County is located in the San Joaquin Valley region of Central California. The area is bordered by Mariposa and Merced counties to the north, Mono County to the east, and Fresno County to the south and west. As of 2019, the population of the assessment area was 157,327.³³

The assessment area had 10 FDIC-insured institutions operating 16 offices with total deposits of \$1.2 billion as of June 30, 2019.³⁴ USB operated one branch in the area and held \$84.2 million in deposits, representing 6.8 percent of the deposit market share.³⁵

The following exhibit presents key demographic and business information used to help develop a performance context for the assessment area.

³³ U.S. Census Bureau, QuickFacts, Population Estimates, July 1, 2019; available from: www.census.gov/quickfacts/.

³⁴ Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2019; available from: <https://www7.fdic.gov/sod/sodMarketBank.asp?barItem=2>.

³⁵ Ibid.

EXHIBIT 11 ASSESSMENT AREA DEMOGRAPHICS MADERA ASSESSMENT AREA 2019 FFIEC CENSUS AND 2019 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	0	0.0	0	0.0	0	0.0	7,519	22.6
Moderate-income	7	30.4	10,453	31.5	3,459	33.1	5,701	17.2
Middle-income	7	30.4	9,062	27.3	1,436	15.8	6,448	19.4
Upper-income	9	39.1	13,686	41.2	1,499	11.0	13,533	40.8
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	23	100.0	33,201	100.0	6,394	19.3	33,201	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	14,334	5,015	19.1	35.0	8,322	58.1	997	7.0
Middle-income	14,703	7,986	30.4	54.3	3,729	25.4	2,988	20.3
Upper-income	20,667	13,274	50.5	64.2	4,833	23.4	2,560	12.4
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	49,704	26,275	100.0	52.9	16,884	34.0	6,545	13.2
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	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	1,000	23.3	916	23.0	73	26.3	11	33.3
Middle-income	1,273	29.7	1,169	29.4	95	34.2	9	27.3
Upper-income	2,018	47.0	1,895	47.6	110	39.6	13	39.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4,291	100.0	3,980	100.0	278	100.0	33	100.0
% of Total Businesses				92.8		6.5		0.8
2019 Median Family Income ³⁶			\$49,272	December 2019 Median Housing Value ³⁷			\$285,100	
2019 Adjusted Median Family Income ³⁸			\$59,100	2019 Unemployment Rate ³⁹			6.9%	

³⁶ FFIEC Median Family Income, available from: <https://www.ffiec.gov/Medianincome.htm>.

³⁷ California Association of Realtors, Historical Housing Data, Median Prices of Existing Detached Homes; available from: <https://www.car.org/marketdata/data/housingdata/>.

³⁸ FFIEC Adjusted Median Family Income; available from: <https://www.ffiec.gov/Medianincome.htm>.

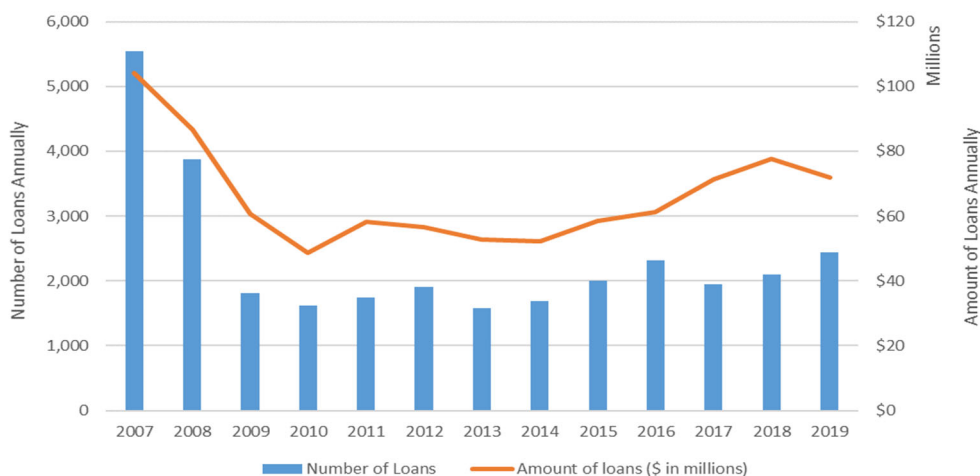
³⁹ Annual Unemployment Rate, U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <https://www.bls.gov/lau/>.

Economic Conditions

During the review period, the assessment area experienced economic growth as it continued to recover from the Great Recession. Similar to the Fresno assessment area, agriculture and healthcare are key economic drivers in Madera County.⁴⁰ In 2018, the gross value of the area’s agricultural production totaled over \$2 billion, a 4 percent increase from the previous year.⁴¹ Overall, farms employed 8 percent of all jobs in the area.⁴² The area is home to an important regional medical center, including the Central Valley’s only pediatric hospital.⁴³ During the review period, the healthcare industry accounted for 22 percent of total jobs and outpaced California and U.S. averages in payroll growth.⁴⁴ House prices in the area grew at an above-average pace, and there was an increase in single-family housing starts during the review period.⁴⁵ The area’s cost advantages, including housing that was 20 percent more affordable than the state average, attracted new residents at an above-average pace.⁴⁶

As depicted in Exhibit 12, small business lending showed improvement during the review period. Although loans to small businesses from banks subject to the CRA increased during the review period, lending remained below pre-Great Recession levels. Lending to small businesses played a critical role in the economy given that small businesses accounted for 92.8 percent of all businesses in the assessment area, as noted in Exhibit 11.

EXHIBIT 12
LOANS TO SMALL BUSINESSES IN ASSESSMENT AREA⁴⁷
2007-2019



⁴⁰ Moody’s Precis Report, Madera, CA, July 2019.

⁴¹ County of Madera, 2018 Madera County Agricultural Crop and Livestock Report; available from: <https://www.maderacounty.com/home/showdocument?id=17417>.

⁴² Moody’s Precis Report, Madera, CA, November 2017.

⁴³ Moody’s Precis Report, Madera, CA, July 2019.

⁴⁴ Moody’s Precis Report, Madera, CA, July 2018.

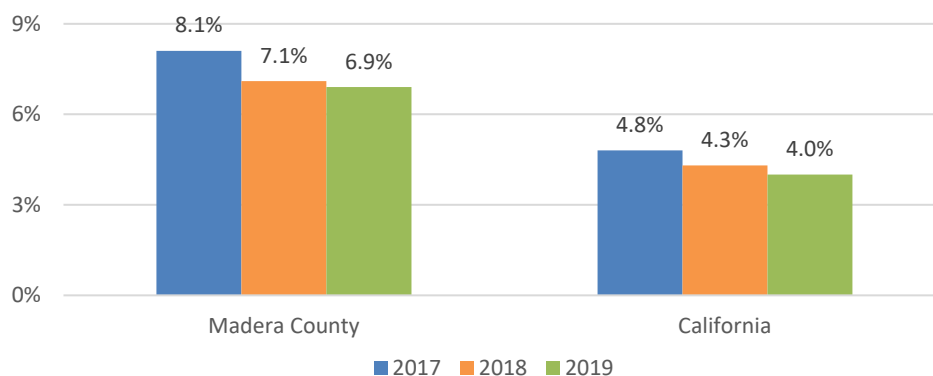
⁴⁵ Ibid.

⁴⁶ Moody’s Precis Report, Madera, CA, July 2019.

⁴⁷ Aggregate CRA Small Business data reports available from: <https://www.ffiec.gov/craadweb/aggregate.aspx>.

Unemployment rates in the area and in California overall decreased during the review period, as shown in Exhibit 13. Although the area’s structurally high unemployment rate remained above the statewide rate, the area had one of the lowest rates among metro areas in the Central Valley.⁴⁸

EXHIBIT 13
UNEMPLOYMENT RATE⁴⁹
2017-2019



As depicted in Exhibit 14, median home prices in the area increased slightly during the review period and peaked in October 2019 at \$299,950. Median home prices in the area remained lower than statewide median home prices throughout the review period. According to the California Association of Realtors’ Traditional Housing Affordability Index, 51 percent of families in Madera County could afford to purchase the median priced home in the area compared to 31 percent of families in California.⁵⁰ Despite the relatively more affordable home prices in the area compared to the state overall, many households in the area were cost burdened. There was approximately the same share, representing 37 percent, of cost burdened households in the area as there were in the state overall of 38 percent.⁵¹ Rent prices were also a significant financial burden for residents. More households who rent are cost burdened in the area, representing 59 percent, than compared to the statewide average of 55 percent.⁵²

⁴⁸ Moody’s Precis Report, Madera, CA, July 2019.

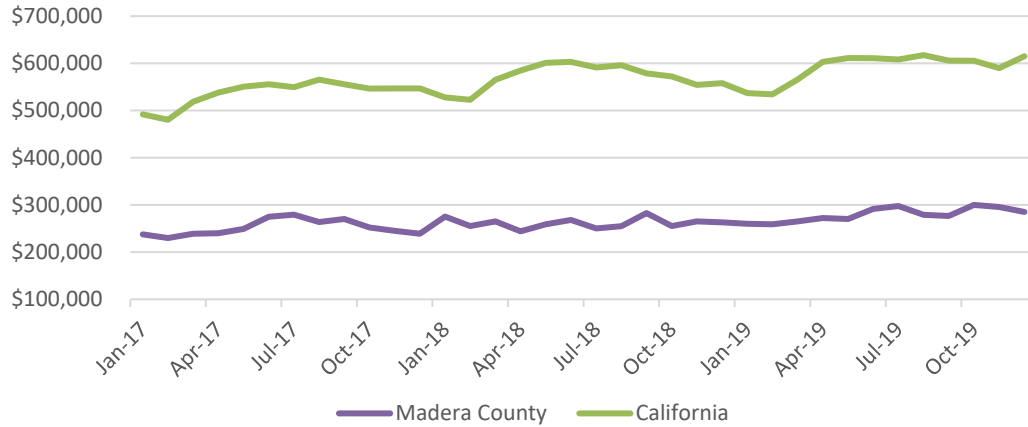
⁴⁹ U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <https://www.bls.gov/lau/>.

⁵⁰ California Association of Realtors, Housing Affordability Index-Traditional, 2019 Q4; available from: <http://www.car.org/marketdata/data/haitraditional/>.

⁵¹ Prosperity Now Scorecard, Madera County, CA; available from: <https://scorecard.prosperitynow.org>.

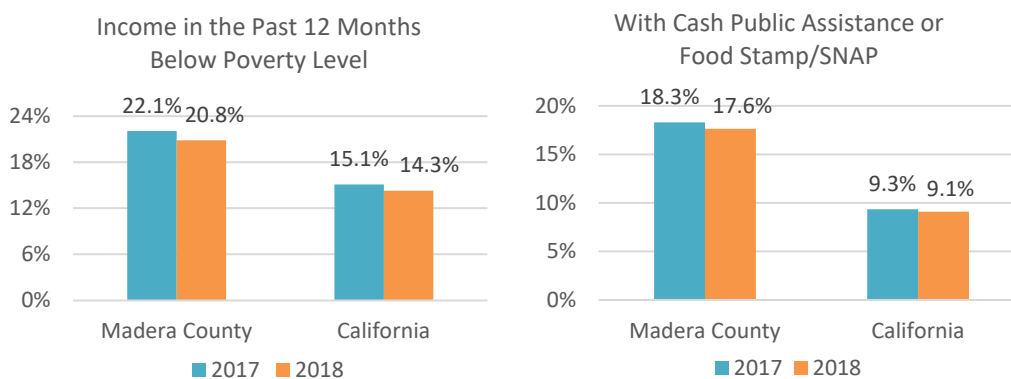
⁵² Ibid.

EXHIBIT 14
MEDIAN HOME PRICES⁵³
JANUARY 2017- DECEMBER 2019



As depicted in Exhibit 15, the poverty rate decreased in the assessment area and statewide during the review period. Madera County had a higher percentage of people living in poverty than in California overall. The percentage of people receiving cash assistance or food stamp/SNAP benefits also decreased slightly during the review period. However, the share of people receiving cash assistance or food stamp/SNAP benefits in the area was nearly double the percentage of people in the state overall. Similar to Fresno County, the area’s high concentration of poverty was evident in the liquid asset poverty rate. The percentage of households in Madera County who were liquid asset poor was 49 percent, compared to 34 percent of households in California.⁵⁴

EXHIBIT 15
POVERTY AND FOOD STAMP USAGE RATES⁵⁵
2017-2018



⁵³ California Association of Realtors, Historical Housing Data, Median Prices of Existing Detached Homes; available from: <https://www.car.org/marketdata/data/housingdata/>.

⁵⁴ Prosperity Now Scorecard, Madera County, CA; available from: <https://scorecard.prosperitynow.org>.

⁵⁵ 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

Small business lending levels showed improvement during the review period, but remained below pre-Great Recession levels. Similar to the discussion for the credit needs of the Fresno assessment area, the Small Business Credit Survey results indicate that small businesses continue to experience obstacles in obtaining the amount of financing needed and accessing smaller dollar loans.⁵⁶ One community contact confirmed that young, start-up businesses were the most in need of credit. A community contact indicated more financial education and technical assistance to improve a young firm's business plan is needed. According to the community contact, it would be beneficial for financial institutions to provide these services directly to business owners or entrepreneurs to help prepare the business owner in their application for credit. In addition, a community contact indicated that small businesses face challenges with some loan term options. Flexible loan terms for small business loans could be helpful to support the business owners and entrepreneurs in the area.

The economic implications of the COVID-19 pandemic discussed above for the Fresno assessment area were also of concern for the Madera assessment area. Credit and community development needs emerged in early 2020 at the end of the review period and continue to evolve along with opportunities for financial institutions to address the needs in the area.

Overall, there is a need for more investment and engagement from financial institutions to address the gaps in small business lending, as well as the prevalence of high poverty rates in the area. Small business lending, as well as services such as technical assistance, are some of the most impactful activities banks could participate in to better serve the community's credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MADERA

Lending Test

The overall lending test performance in the Madera assessment area is satisfactory. This is primarily supported by the substantial majority of small business lending within the assessment area.

Lending Distribution by Geography

The limited volume of small business lending in the Madera assessment area during the review period prevented a more detailed analysis. Consequently, the bank's lending distribution by geography within the Madera assessment area was considered but did not contribute to the overall lending test rating. These loans are presented in the Exhibit below.

⁵⁶ Small Business Credit Survey, Report on Employer Firms 2019, available from:
<https://www.fedsmallbusiness.org/medialibrary/fedsmallbusiness/files/2019/sbcs-employer-firms-report.pdf>.

EXHIBIT 16 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS 2018 DUN AND BRADSTREET DATA								
Census Tract	Low		Moderate		Middle		Upper	
	#	%	#	%	#	%	#	%
Madera Assessment Area 2018								
Bank Lending	0	0.0	0	0.0	1	33.3	2	66.7
Aggregate Lending	0	0.0	480	21.4	616	27.4	1,150	51.2
Business Concentration	0	0.0	1,018	23.4	1,294	29.8	2,030	46.8

Lending Distribution by Business Revenue

The limited volume of small business lending in the Madera assessment area during the review period prevented a more detailed analysis. Consequently, the bank’s lending distribution by business revenue within the Madera assessment area was considered but did not contribute to the overall lending test rating. These loans are presented in the Exhibit below.

EXHIBIT 17 BUSINESS REVENUE DISTRIBUTION OF SMALL BUSINESS LOANS 2018 DUN AND BRADSTREET DATA							
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 (%)
2018	3	33.3	92.6	45.8	33.3	33.3	33.3

Community Development Test

USB’s performance under the community development test is satisfactory. USB provided an adequate level of community development loans and investments that helped address the community development needs of the Madera assessment area, along with the broader statewide or regional area. The majority of community development loans and investments promoted economic development and affordable housing for low- and moderate-income individuals. However, the extent of community development services was limited in this area due to the bank’s more limited capacity in this market.

The following examples highlight community development activities within the Madera assessment area:

- A \$2.3 million loan for the purchase of a multi-family residential complex in a moderate-income geography that provides 48 affordable housing units for low- and moderate-income individuals and families;
- A \$1 million working capital line of credit to support economic development for a food manufacturer located in a high unemployment and high poverty geography. This loan helped to create or retain 98 jobs for predominantly low- and moderate-income individuals; and
- The bank provides a service of waiving ATM transaction fees at all bank branches and ATMs for individuals using public assistance electronic benefits transfer cards. This impactful and responsive service directly benefits low- and moderate-income individuals in the Madera assessment area.

LIMITED-SCOPE ASSESSMENT AREA CONCLUSIONS

For each assessment area where a limited-scope review was performed using the examination procedures.

USB's performance in the assessment areas receiving a limited-scope review is generally consistent with performance in the areas receiving full-scope reviews. Due to the bank's limited presence in the Kern and Santa Clara assessment areas, and lower levels of loans and deposits, these limited-scope assessment areas received less weight than those receiving a full-scope review. As such, performance in these areas did not materially affect the bank's overall rating. Facts and data reviewed, including performance and demographic information, can be found in the tables accompanying this report.

EXHIBIT 18 LIMITED-SCOPE ASSESSMENT AREA CONCLUSIONS		
ASSESSMENT AREAS	LENDING TEST	COMMUNITY DEVELOPMENT TEST
Kern	Consistent	Consistent
Santa Clara	Consistent	Below

The Santa Clara assessment area community development test performance was below performance in the other assessment areas. The bank did not extend any community development loans, services, or donations in the assessment area; however, the assessment area benefited from investments made to organizations serving the needs of the broader statewide area.

APPENDIX A

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 refinancing 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.

APPENDIX B

LIMITED-SCOPE ASSESSMENT AREA MARKET PROFILES

All demographic and economic information in this appendix is from one of the following sources:

- U.S. Census Bureau, QuickFacts, Population Estimates, July 1, 2019; available from: www.census.gov/quickfacts/;
- Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2019; available from: <https://www7.fdic.gov/sod/sodMarketBank.asp?barItem=2>;
- FFIEC Median Family Income, available from: <https://www.ffiec.gov/Medianincome.htm>;
- FFIEC Adjusted Median Family Income; available from: <https://www.ffiec.gov/Medianincome.htm>;
- California Association of Realtors, Historical Housing Data, Median Prices of Existing Detached Homes; available from: <https://www.car.org/marketdata/data/housingdata/>; and
- U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics by County; available from: <https://www.bls.gov/lau/>.

Kern Assessment Area

The Kern assessment area consists of Kern County in its entirety, which forms the Bakersfield, California MSA. Kern County is located in the San Joaquin Valley in Central California, north of Los Angeles and Ventura counties, east of San Luis Obispo County, south of Kings and Tulare counties, and west of San Bernardino County. As of July 1, 2019, the area was home to 900,202 people.

The area had 20 FDIC-insured commercial institutions operating 90 offices with total deposits of \$9.3 billion as of June 30, 2019. United Security Bank operated two branches in the assessment area and held \$83 million in total deposits, representing 0.9 percent of the deposit market share. In 2019, there were 99 lenders reporting small business loans pursuant to the reporting requirements of the CRA, most of which were large regional and national institutions. These lenders, which represent only a portion of the overall commercial lending market, extended 15,184 small business loans totaling \$476 million.

Exhibits 19, 20, and 21 on the following pages present key demographic and business information concerning the assessment area.

EXHIBIT 19 ASSESSMENT AREA DEMOGRAPHICS KERN ASSESSMENT AREA 2019 FFIEC CENSUS AND 2019 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	14	9.3	18,025	9.2	8,253	45.8	48,684	24.8
Moderate-income	40	26.5	42,620	21.7	13,472	31.6	32,197	16.4
Middle-income	44	29.1	63,927	32.6	11,156	17.5	31,508	16.1
Upper-income	48	31.8	71,284	36.4	5,075	7.1	83,708	42.7
Unknown-income	5	3.3	241	0.1	40	16.6	0	0.0
Total AA	151	100.0	196,097	100.0	37,996	19.4	196,097	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	28,763	8,194	5.6	28.5	16,660	57.9	3,909	13.6
Moderate-income	62,634	23,228	15.8	37.1	33,034	52.7	6,372	10.2
Middle-income	95,144	47,544	32.3	50.0	35,870	37.7	11,730	12.3
Upper-income	102,704	67,982	46.2	66.2	26,923	26.2	7,799	7.6
Unknown-income	284	177	0.1	62.3	88	31.0	19	6.7
Total AA	289,529	147,125	100.0	50.8	112,575	38.9	29,829	10.3
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	1,627	6.0	1,502	6.0	123	6.6	2	2.2
Moderate-income	5,492	20.3	5,051	20.1	419	22.4	22	23.7
Middle-income	7,353	27.2	6,868	27.4	462	24.7	23	24.7
Upper-income	12,443	46.0	11,582	46.1	816	43.7	45	48.4
Unknown-income	152	0.6	103	0.4	48	2.6	1	1.1
Total AA	27,067	100.0	25,106	100.0	1,868	100.0	93	100.0
% of Total Businesses				92.8		6.9		0.3
2019 Median Family Income			\$52,649	December 2019 Median Housing Value			\$262,900	
2019 Adjusted Median Family Income			\$57,900	2019 Unemployment Rate			7.7%	

EXHIBIT 20 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS 2018 DUN AND BRADSTREET DATA								
Census Tract	Low		Moderate		Middle		Upper	
	#	%	#	%	#	%	#	%
Kern Assessment Area 2018								
Bank Lending	0	0.0	1	33.3	0	0.0	2	66.7
Aggregate Lending	620	4.4	2,533	17.8	3,540	24.9	7,532	52.9
Business Concentration	1,681	6.1	5,624	20.5	7,612	27.7	12,551	45.7

EXHIBIT 21 BUSINESS REVENUE DISTRIBUTION OF SMALL BUSINESS LOANS 2018 DUN AND BRADSTREET DATA							
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 (%)
2018	3	33.3	92.6	39.4	0.0	33.3	66.7

Santa Clara Assessment Area

The Santa Clara assessment area consists of Santa Clara County in its entirety, which is part of the San Jose-Sunnyvale-Santa Clara, California MSA. Santa Clara County is bordered on the west by Santa Cruz and San Mateo counties, on the north by Alameda County, on the east by Stanislaus and Merced counties, and on the south by San Benito County. As of July 1, 2019, the area was home to 1.9 million people.

The area had 48 FDIC-insured commercial institutions operating 363 offices with total deposits of \$146.8 billion as of June 30, 2019. USB operated one branch in the assessment area and held \$18.6 million in total deposits, representing 0.01 percent of the deposit market share. In 2019, there were 138 lenders reporting small business loans pursuant to the reporting requirements of the CRA, most of which were large regional and national institutions. These lenders, which represent only a portion of the overall commercial lending market, extended 61,900 small business loans totaling \$1.77 billion.

Exhibits 22, 23, and 24 on the following pages present key demographic and business information concerning the assessment area.

EXHIBIT 22 ASSESSMENT AREA DEMOGRAPHICS SANTA CLARA ASSESSMENT AREA 2019 FFIEC CENSUS AND 2019 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	34	9.1	34,983	7.8	7,016	20.1	106,442	23.8
Moderate-income	77	20.7	83,269	18.6	8,913	10.7	69,255	15.5
Middle-income	136	36.6	164,673	36.9	8,107	4.9	82,649	18.5
Upper-income	124	33.3	163,795	36.7	4,746	2.9	188,388	42.2
Unknown-income	1	0.3	14	0.0	4	28.6	0	0.0
Total AA	372	100.0	446,734	100.0	28,786	6.4	446,734	100.0
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	50,462	15,496	4.4	30.7	33,260	65.9	1,706	3.4
Moderate-income	124,428	54,515	15.5	43.8	65,318	52.5	4,595	3.7
Middle-income	243,890	129,315	36.7	53.0	105,120	43.1	9,455	3.9
Upper-income	227,325	153,510	43.5	67.5	64,849	28.5	8,966	3.9
Unknown-income	85	0	0.0	0.0	80	94.1	5	5.9
Total AA	646,190	352,836	100.0	54.6	268,627	41.6	24,727	3.8
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	5,562	5.8	5,101	5.9	452	5.6	9	2.4
Moderate-income	17,577	18.4	15,523	17.9	1,990	24.9	64	17.1
Middle-income	34,290	36.0	31,125	35.8	3,049	38.1	116	30.9
Upper-income	37,692	39.6	35,000	40.3	2,506	31.3	186	49.6
Unknown-income	168	0.2	160	0.2	8	0.1	0	0.0
Total AA	95,289	100.0	86,909	100.0	8,005	100.0	375	100.0
% of Total Businesses				91.2		8.4		0.4
2019 Median Family Income			\$107,126	December 2019 Median Housing Value			\$1,225,000	
2019 Adjusted Median Family Income			\$129,900	2019 Unemployment Rate			2.5%	

EXHIBIT 23 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS 2018 DUN AND BRADSTREET DATA								
Census Tract	Low		Moderate		Middle		Upper	
	#	%	#	%	#	%	#	%
Santa Clara Assessment Area 2018								
Bank Lending	0	0.0	0	0.0	4	100.0	0	0.0
Aggregate Lending	3,296	5.7	10,686	18.4	21,829	37.7	22,143	38.2
Business Concentration	5,694	5.9	17,801	18.4	34,910	36.1	38,431	39.7

EXHIBIT 24 BUSINESS REVENUE DISTRIBUTION OF SMALL BUSINESS LOANS 2018 DUN AND BRADSTREET DATA							
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 (%)
2018	4	25.0	90.9	47.0	25.0	50.0	25.0