

PUBLIC DISCLOSURE

May 8, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Northern Bank of Dixon
Certificate Number: 3440

195 N. First Street
Dixon, California 95620

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

25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

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

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

The Lending Test is rated **High Satisfactory.**

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

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

The Investment Test is rated Low Satisfactory.

- The institution has an adequate level of qualified CD investment and grants, although rarely leadership position, particularly those not routinely provided by private investors.
- The institution exhibits adequate responsiveness to credit and CD needs.
- The institution occasionally uses innovative or complex investments to support CD initiatives.

The Service Test is rated High Satisfactory.

- Delivery systems are reasonably accessible to essentially all portions of the institution's AAs.
- To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals.
- Services (including where appropriate, business hours) do not vary in a way that inconvenience certain portions of the AAs, particularly LMI geographies or individuals.
- The institution provides a relatively high level of CD services.

DESCRIPTION OF INSTITUTION

First Northern Bank of Dixon (FNB) is a state-chartered, non-member bank headquartered in Dixon, California (CA). FNB is owned by First Northern Community Bancorp, a one-bank holding company also headquartered in Dixon, CA. The institution received an overall “Satisfactory” rating at its previous FDIC CRA Performance Evaluation dated April 27, 2020, based on Interagency Intermediate Small Institution Examination Procedures. FNB has no lending affiliates.

FNB operates 14 full-service branch offices and 1 limited-service satellite facility in Solano, Yolo, Sacramento, Placer, Colusa, and Glenn Counties. The bank purchased three of its branches from Columbia State Bank in Tacoma, Washington during the review period. FNB also operates two Loan Production Offices; one in Walnut Creek, CA, County of Contra Costa; and one in Davis, CA, County of Yolo. FNB did not close any branches during the review period.

The business focus remains unchanged since the previous evaluation. FNB offers loan products including commercial, agricultural, home mortgage, and consumer loans. Commercial lending is the bank’s primary focus. In addition to various loan products, FNB continues to offer online and mobile banking services, including automated teller machines (ATMs). A suite of commercial and consumer deposit products that include checking accounts, savings accounts, money market accounts, and certificates of deposits are also offered.

Based on the bank’s Consolidated Reports of Condition and Income (Call Report), dated March 31, 2023, FNB reported \$1.9 billion in total assets, \$1.8 billion in total deposits, and \$134.6 million in total equity capital. FNB reflected a significant growth level during the review period. Since the previous evaluation, total assets, loans and deposits increased by 41.9 percent, 27.3 percent and 47.8 percent respectively. FNB’s balance sheet growth during the review period was primarily driven by increased deposits spurred by the COVID-19 pandemic. Funds that entered the bank were then in turn used to grow the loan and securities portfolios. The following table depicts the institution’s loan portfolio distribution.

Loan Portfolio Distribution as of 03/31/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	19,014	1.9
Secured by Farmland	79,464	8.0
Secured by 1-4 Family Residential Properties	108,851	11.0
Secured by Multifamily (5 or more) Residential Properties	70,635	7.1
Secured by Nonfarm Nonresidential Properties	583,391	59.0
Total Real Estate Loans	861,355	87.0
Commercial and Industrial Loans	97,070	9.8
Agricultural Production and Other Loans to Farmers	23,744	2.4
Consumer Loans	643	0.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	230	0.0
Lease Financing Receivable (net of unearned income)	7,072	0.8
Less: Unearned Income	0	0.0
Total Loans	990,114	100.0
<i>Source: Call Report</i>		

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

DESCRIPTION OF ASSESSMENT AREAS

The bank has delineated three AAs that include the Sacramento AA, Solano AA, and Non-MSA AA. These AAs are described below:

Sacramento AA - includes a portion of the Sacramento-Roseville-Folsom, CA Metropolitan Statistical Area (MSA) #40900, including the entirety of Sacramento County, Yolo County, and Placer County.

Solano AA – includes a portion of the Vallejo, CA MSA #46700. The bank's AA includes a partial political subdivision. FNB takes a portion of Solano County, beginning with census tract 2522.01 and including all CTs with higher numbers.

Non-MSA AA – includes Colusa and Glenn Counties- The bank purchased three branches from Columbia State Bank (Tacoma, WA) during the review period. The purchases were consummated as of January 20, 2023. Since the branches have been in operation less than 6 months, and the most recent full calendar year of data is 2022, the Non-MSA AA will not be evaluated in this review due to limited data to analyze during the evaluation cycle.

The bank's AA, do not arbitrarily exclude any LMI geographies or individuals, and meet the technical requirements of the CRA Regulation. Refer to the individual AA sections for additional details.

SCOPE OF EVALUATION

General Information

Examiners used the Interagency Large Institution Examination Procedures to evaluate FNB's CRA performance. This evaluation covers the period from the prior evaluation, dated April 27, 2020, to the current evaluation dated May 8, 2023.

Examiners evaluated the Sacramento and Solano AAs using full-scope examination procedures based on the greatest volume of lending activity, deposit volume, and branch distribution. The Sacramento AA received the greatest weight due to the institution's presence, and volume of lending. While there are less activities in the Solano AA, the prevalence of similarly situated institutions are limited. For example, many institutions that operate in Solano County are regional lenders who serve the larger San Francisco Bay area. Examiners used this as performance context when considering FNB's lending and CD activities in the Solano AA.

Activities Reviewed

Examiners determined that the institution's major product lines include small business, home mortgage loans, and small farm lending. This conclusion considers the institution's business strategy, loan composition, and the number and dollar volume of loans originated during the evaluation period. Additionally, FNB did not request the inclusion of consumer loans, nor do consumer loans represent a significant portion of the lending distribution. Therefore, consumer loans are excluded from the review.

For the lending test, examiners reviewed the universe of small business, HMDA, and small farm loans originated or purchased in 2020, 2021, and 2022. During those 3 years, FNB originated 2,073 small business loans totaling approximately \$295.4 million, 729 HMDA loans totaling approximately \$278.7 million, and 194 small farm loans totaling \$30.2 million. Examiners sampled and validated the data, and found no errors in key data fields for analysis; therefore, these figures represent the universe of loans analyzed for performance. Based on the larger volume of small business lending by number, examiners placed greater weight on the bank's small business lending followed by HMDA, then small farm lending.

The institution's small business and small farm lending performance is compared to data provided from D&B during 2020, 2021, and 2022. This data includes the geographic location and gross annual sales of businesses that chose to report such data to D&B. It should be noted that D&B data includes all businesses and farms in a given area that voluntarily respond to a survey request, including a large number of very small businesses that have limited or no credit needs from traditional financial institutions. This data is used to assess the bank's performance for geographic distribution and borrower profile. The D&B data is only used as an indicator of business demographics in the AA, and it is not considered an absolute comparable for loan demand. Since the bank was not a CRA reporter in 2020 and 2021, aggregate data was only used to understand loan demand and competition in the area under the geographic distribution and borrower profile analyses. CRA aggregate data for 2022 was not available at the time of this evaluation.

Examiners used the 2015 American Community Survey (ACS), and the 2020 and 2021 HMDA aggregate data as comparisons for the institution's lending performance for home mortgage loans in 2020 and 2021, respectively. Examiners used the 2020 US Census data as the comparison for the institution's lending performance for home mortgage loans in 2022. HMDA aggregate data for 2022 was not available at the time of this evaluation.

Examiners presented the 2020, 2021, and 2022 small business, home mortgage, and small farm loans due to anomalies in lending data between years. In 2020 and 2021, the number of small business and small farm loans dramatically increased from previous years due to loans originated under the SBA Paycheck Protection Program (SBA PPP) as a result of the COVID-19 pandemic. During the same timeframe, the number of home mortgage loans increased dramatically due to the favorable interest rate environment.

The evaluation of CD loans, investments, and services includes all qualified activities since the date of the previous CRA Evaluation dated April 20, 2020 through May 8, 2023. Examiners evaluated FNB's CD loans, investments, and service activities quantitatively based on the institution's financial capacity, as well as qualitatively based on the impact of those activities in FNB's AAs. For the Service Test, examiners reviewed delivery systems for providing retail-banking services, including branches and alternative delivery systems, and the impact of any branch openings/closing during the evaluation period. Additionally, examiners reviewed retail banking products and services targeted toward LMI individuals, or small businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FNB's Lending Test rating is "High Satisfactory." The institution's performance in the Sacramento, and Solano AAs is consistent with this conclusion.

Lending Activity

FNB's lending levels reflect good responsiveness to AA credit needs. This conclusion is supported by consistent performance in the Sacramento and Solano AAs. Refer to each AA analysis for details.

Assessment Area Concentration

A high percentage of loans are made in the institutions AAs. Small business loan volume increased since the prior examination primarily due to SBA PPP lending. The institution's prior CRA performance was analyzed using intermediate-small bank procedures; therefore, management had the option to reallocate small business loans to the CD test. Management elected to have those SBA PPP loans originated during the prior evaluation review period considered under CD. This election explains the difference in small business lending between 2020 and 2021. The decrease in total lending volume in 2022 is attributed to the sunset of the SBA PPP. Small business lending within the AA consistently decreased during the review period.

Home mortgage originations increased since the previous evaluation, and is partially attributed to the favorable interest rate environment during the years of analysis. The percent of loans made in the AA are high with slight fluctuations in performance.

Small farm lending volume increased since the prior examination, primarily due to SBA PPP lending. The percent of loans made in the AA are high with fluctuations in performance. Refer to the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000s)	%	\$(000s)	%	
Small Business										
2020	686	90.7	70	9.3	756	77,287	86.7	11,872	13.3	89,159
2021	980	88.1	132	11.9	1,112	118,616	82.0	26,050	18.0	144,666
2022	173	84.4	32	15.6	205	45,020	73.1	16,592	26.9	61,612
Subtotal	1,839	88.7	234	11.3	2,073	240,923	81.5	54,514	18.5	295,437
Home Mortgage										
2020	246	79.1	65	20.9	311	83,886	76.2	26,195	23.8	110,081
2021	277	83.4	55	16.6	332	79,532	67.6	38,128	32.4	117,660
2022	69	80.2	17	19.8	86	34,456	67.6	16,520	32.4	50,976
Subtotal	592	81.2	137	18.8	729	197,874	71.0	80,843	29.0	278,717
Small Farm										
2020	59	80.8	14	19.2	73	9,085	72.8	3,398	27.2	12,483
2021	65	73.9	23	26.1	88	9,435	78.4	2,597	21.6	12,032
2022	25	75.8	8	24.2	33	4,208	73.9	1,483	26.1	5,691
Subtotal	149	76.8	45	23.2	194	22,728	75.2	7,478	24.8	30,206
Total	2,580	86.1	416	13.9	2,996	461,525	76.4	142,835	23.6	604,360
Source: Bank Data Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the AAs. Performance is consistent in the Sacramento, and Solano AAs. Refer to each respective analysis section for details.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among retail customers of different income levels, and business and farm customers of different size. Performance was consistent in the Sacramento, and Solano AAs. Refer to each respective analysis section for details.

Innovative or Flexible Lending Practices

FNB uses innovative or flexible lending practices in order to serve AA credit needs. FNB originated 2,010 innovative or flexible loans totaling \$310.0 million during the review period. The institution offered these loan products to all AAs. As a result, the loan products are only presented

in this section and not presented separately within each AA analysis. Loans originated under the SBA PPP are included in this analysis, and largely contribute to the total innovative and flexible lending figure. The following list shows examples of FNB's innovative and flexible lending programs:

Lightning Loan (Line of Credit and Term Loan program):

This flexible small business line-of-credit (LOC) loan program was created at the request of the bank's community partners, in partnership with software provider R.C. Giltner to meet the credit needs of the smallest businesses in their communities. This LOC is available through an online application, with a quick approval, subject to identity validation through custom identification program. Loans are available from \$2,500 up to \$50,000. The applicant enters their information through an online application. The system validates the applicant business owner's credit score and checking account balances/NSF-OD activity, and in accordance with bank loan policy parameters, determines their creditworthiness. The loan term is 60 months. This streamlined underwriting, allows smaller businesses to access loan funds. During the evaluation period, FNB originated 79 LOC for approximately \$2.9 million.

Future Farmers of America (FFA) Animal Purchase Loans:

The FFA Animal Loan Program provides zero interest loans to members of FFA Chapters within the AAs. The loans are short term, due upon sale of the animal at the County Fair auction. This enables high school students, who are interested in becoming farmers, experience with the economic responsibility, time management skills and important lessons of what it takes to successfully raise a live animal to market standards. The number of FFA Loans made during the pandemic decreased, as schools were not provided in-person sessions and local county fairs were cancelled for public safety. During the evaluation period, FNB originated 16 FFA Animal Project Loans to local high school students, several of whom live in LMI CTs. Without this innovative loan program, these 16 high school students may not have been able to participate with FFA/4-H animal projects.

Small Business Overdraft Protection Loans:

This is a flexible loan program to provide overdraft access and quick access to funds to cover small cash flow shortfalls. Under the program, loans up to \$5,000 were available at a fixed rate with a 3-year term. This product was created in 2020 in an amount of \$5,000, then changed in 2021 increasing the loan amount to \$10,000 in an effort to reach more potential borrowers. FNB business/commercial deposit customers located in LMI CTs, that qualified to the set standards received loan offers. Even though hundreds of mailers were sent, only one borrower accepted a loan in this program. During the year of 2022, the CRA Committee reworked this Loan Program with the Small Business/Small Farm LMI CT Term Loan/LOC, described below, using the feedback of the potential borrowers who did not accept the former loan program.

Small Business/Small Farm LMI CT Term Loan/LOC:

This flexible pre-approved loan program was created to provide small dollar loans, with a quick turnaround time, which would provide quick access to small businesses/farms to cover cash shortfalls. This was not an overdraft protection program, but a term loan or LOC (at the borrower's choice) through the online Lightning Loan Program of up to \$10,000 with an under-market interest

rate. FNB business/commercial deposit account customers were vetted according to the following standards: 1) Business/farm located in an LMI CT; 2) Deposit account had been open at least 90 days; 3) The deposit account had not had more than 12 NSF or Overdraft days in the past 11 months; and 4) The business was in an industry that was allowable under the bank's loan policy. It was determined by the Committee that Sole Proprietors may have had the greatest need, so pre-approved loan offers were mailed in late November 2022. Six loan offers were accepted for a total of \$60,000.

Center for Land Based Learning (CFLBL) Loan Program for new Small Farmers

This loan program was designed in partnership with the CFLBL's California Farm Academy. This innovative program is available to Farm Academy Graduates and Incubator Program farms. In order to qualify the borrower must have a credit score over 680, a completed Small Farm Business Plan/Budget and a recommendation letter from CFLBL. Loan amounts range from \$1,000-\$10,000, have a one-year term, with a fixed rate of 2.25 percent. Two loans have been made in this program during the review period, for a total of \$19,700.

California Capital Finance Development Corporation Loan Program:

This flexible loan program utilizes the State of CA's Small Business Loan Guarantee Program. The program focuses on providing small and start-up businesses financing. Five loans were originated during the review period totaling approximately \$3.0 million.

SBA Loans (504 and 7(a)):

FNB continues to be designated as an SBA Preferred Lender, which allows the bank to approve loans on behalf of SBA. This designation ultimately benefits the borrowers as the loan approval process is expedited. FNB originates loans under the SBA Certified Development 504 and 7(a) loan programs.

FNB originates SBA 504 loans, which typically promote the CD purpose of economic development and job creation. This flexible program provides long-term, fixed rate financing for major fixed assets such as land and buildings. The SBA-guaranteed or government-insured portion of the loan lowers the risk for FNB, allowing it to meet the credit needs of more small businesses. During the evaluation period, FNB originated 16 SBA 504 loans totaling approximately \$9.1 million.

FNB originates a limited number of SBA 7(a) loans, which represent a flexible loan program to expand or acquire a small business, where a portion of the loan is guaranteed by the SBA. During the evaluation period, FNB originated 2 SBA 7(a) loans totaling approximately \$1.2 million.

SBA PPP:

This SBA-backed loan program helped businesses remain in business and keep their workforces employed during the COVID-19 crisis. The bank implemented this program immediately and helped to provide a large influx of cash to small businesses and small farmers to help keep their businesses open and pay their employees. The program began in April of 2020, and ended in May 2021. During the current evaluation period, the bank originated 1,706 PPP loans totaling approximately \$176.7 million.

Emergency/Disaster Relief Flexibility:

FNB provided leadership and responsiveness during the COVID crisis. FNB received many requests for loan payment deferrals during the current evaluation period. The bank created a deferral process that was easy to apply for and had a quick turn-around time, to help meet the needs of the COVID-19 affected borrowers in the AAs. The bank processed 177 such requests for \$117 million in loan payment deferrals during the review period in an effort to assist its commercial and small business customers during the economically challenging review period.

In addition, from March 24, 2020 to September 30, 2020, FNB waived late payment fees to accommodate all borrowers that were economically impacted by COVID-19. The total number of fees waived during this period is approximately 650.

Community Development Loans

FNB made a relatively high level of CD loans during the evaluation period. CD lending performance varied among the AAs. Performance is consistent with the overall conclusion in the Sacramento AA while the level of CD lending in the Solano AA is weaker. By year, FNB's CD loan activity consisted of 19 CD loans totaling \$30.0 million in 2020, 34 CD loans totaling \$51.2 million in 2021, 29 CD loans totaling \$64.1 million in 2022, and 6 CD loans totaling \$18.1 million in year-to-date (YTD) 2023.

This level of activity represents 9.0 percent of average total assets and 17.5 percent of average total loans. Although previous evaluation performance was 26.3 percent of average total assets and 43.3 percent of average total loans, comparing the current and prior examination performance does not represent a fair comparison. FNB's CRA prior performance was analyzed using intermediate-small bank procedures; therefore, management had the option to reallocate small business loans to the CD test. Management elected to have those SBA PPP loans originated during the prior evaluation review period considered under CD. At the current examination the bank did not have the same flexibility, and would otherwise suggest a significant decrease in performance. Examiners placed a greater emphasis on performance compared to similarly situated institutions. The institution's performance is in line with, or higher than other institutions that operate in the AA. The majority of FNB's CD lending by number of activities targeted revitalization and stabilization efforts followed by economic development. The following table presents the bank's CD loans by purpose and AA.

Community Development Lending										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Sacramento AA	7	11,469	13	5,788	19	25,838	19	47,324	58	90,419
Solano AA	1	200	4	247	4	6,570	2	3,077	11	10,094
Statewide Activities	5	16,920	1	6,375	4	8,669	9	31,000	19	62,964
Total	13	28,589	18	12,410	27	41,077	30	81,401	88	163,477
<i>Source: Bank Data</i>										

Given that the bank was responsive to the CD needs of its AAs, examiners considered qualified CD loans that benefitted areas located in the broader statewide or regional area that included the AAs. The following are notable examples of CD lending efforts at the statewide and regional levels:

- FNB originated a \$3.3 million loan to support affordable housing in the state. The loan supported a housing project that provided affordable rents in a LMI geography.
- FNB originated a 4.0 million loan to support revitalization and stabilization in the state. The loan was made for the construction of apartments and commercial spaces in a LMI geography to attract new residents and businesses to the area.
- FNB originated a \$1.4 million SBA PPP loan to a business located outside of the AA. The loan helped retain LMI jobs for a small business.

INVESTMENT TEST

The Investment Test is rated “Low Satisfactory.” The institution’s performance in the Sacramento and Solano AAs are consistent with this conclusion.

Investment and Grant Activity

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. FNB’s investments and grants represent an increase by number and dollar amount from the previous evaluation total of 123 qualified investments, grants, and donations totaling approximately \$5.5 million. By year, FNB’s CD investment activity consisted of 5 qualified investments totaling \$3.4 million from the prior period, 20 totaling \$5.8 million in 2021, 1 totaling \$1.0 million in 2022, and 9 totaling \$9.2 million in 2023. By year, FNB’s CD donation activity consisted of 40 qualified donations totaling \$48,634 in 2020, 58 totaling \$125,915 in 2021, 65 totaling \$97,594 in 2022, and 17 totaling \$26,438 in 2023.

Total qualified investments and donations represents 1.1 percent of average total assets and 2.5 percent of average total investments since the previous evaluation. This performance represents an increase from previous evaluation where qualified investments represented 0.5 percent of average total assets and 1.3 percent of average total investments. FNB’s level of investment and grant activity is comparable to similarly situated institutions.

The majority of qualified investments benefited affordable housing, followed by community service. The following table details qualified investments, grants, and donations by AA and CD type.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Sacramento AA	4	7,975	2	1,500	0	0	0	0	6	9,475
Solano AA	0	0	20	5,830	0	0	0	0	20	5,830
Statewide Activities	0	0	0	0	2	2,400	0	0	2	2,400
National Activities	0	0	0	0	7	1,724	0	0	7	1,724
Investments Subtotal	4	7,975	22	7,330	9	4,124	0	0	35	19,429
Qualified Grants & Donations	2	3	174	274	3	21	1	1	180	299
Total	6	7,978	196	7,604	12	4,145	1	1	215	19,728
<i>Source: Bank Data</i>										

Given that the bank was responsive to the CD needs of its AAs, examiners considered qualified CD investments and donations that benefitted areas located in the broader statewide or regional area that included the AAs. The following are notable examples of CD investment or donation efforts at the statewide and regional levels:

- FNB made deposits in 7 different low-income credit unions during the evaluation period totaling approximately \$1.7 million.
- FNB invested \$1.0 million in an SBIC fund that supports economic development to small businesses.
- FNB maintained a \$1.4 million investment to an SBIC fund that supports economic development in the Central Valley of CA.

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and CD needs. FNB's new and existing investment activity primarily supports affordable housing, an identified need in the Sacramento and Solano AAs. In addition, new and existing investments also support economic development, one of the primary identified needs identified by the community contacts in both AAs. Bank investment and grant activities also support community service efforts in the communities.

Community Development Initiatives

The institution occasionally uses innovative and/or complex investments to support CD initiatives. This is evidenced by FNB's investment and leadership role in creating an affordable housing coalition to generate a Low Income Housing Tax Credits. To date, the coalition has generated one affordable housing project where the bank contributed \$3.6 million equity investment, and 33.0 percent participation in debt financing, representing one third of the consortium. Moreover, the bank participates in investments to small business investment companies (SBIC).

SERVICE TEST

FNB is rated “High-Satisfactory” in the Service Test. The institution’s performance in the Sacramento AA is consistent with this conclusion. FNB’s performance in the Solano AA is inconsistent with the overall performance conclusion. Refer to each AA section for specific details.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution’s AAs. FNB operates 12 deposit-taking branch offices throughout the evaluated AAs: one in low-, three in moderate-, two in middle-, and six in upper-income CTs. All branch locations with the exception of three offer ATM services.

The institution offers a variety of alternative delivery systems that are available to all customers. The institution’s website allows customers to access information on banking products and services, including checking and savings accounts. FNB also offers internet and mobile banking, which allows customer access to accounts online to check balances on checking and savings accounts; transfer funds; access bill pay; and deposit checks. Examiners were provided with address information to determine the extent that internet banking serves LMI CTs. Examiners utilized the data that could be readily geocoded. Within the institution’s AAs, 19,118 customers use internet banking. Of those, 3,531, or 18.5 percent of customers are located in LMI geographies. Current activity data was not available. Internet-banking services benefit LMI geographies.

Changes in Branch Locations

To the extent changes have been made, FNB’s record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. In January 2023, the bank purchased 3 branches from Columbia State Bank. One branch is located in Colusa County, and two are located in Glenn County. These branch purchases have expanded the bank's CRA AA; however, because the branches have been in operation less than 6 months, these areas did not receive a full- or limited-scope analysis. The Orland Branch is located in and serves a moderate-income CT. This is the only branch located in moderate-income CT in the new Non-MSA AA. The Willows and Colusa branches are located in and serve middle-income CTs. Competitor institutions operate branches in similar areas with an additional two competitor branches serving the more southern section of Colusa County. There have been no branch closures.

Reasonableness of Business Hours and Services

Services do not vary in a way that inconveniences certain portions of the AAs, particularly LMI geographies or individuals. Full-service branches offer an array of business and consumer deposit and lending products; refer to the Description of Institution section above for details. Most branch locations are open Monday-Thursday 9:00 a.m. to 5:00 p.m. and have extended hours on Friday 9:00 a.m. to 6:00 p.m. Refer to each AA analysis for additional details.

Community Development Services

FNB provides a relatively high level of CD services in its AAs. Of the total 2,023 hours, 535 hours of service were provided in 2020; 678 hours of service were provided in 2021; 623 hours of service were provided in 2022; and 187 hours of service were provided year-to-date 2023. Moreover, 133.5 hours of service were performed at the statewide level. FNB's performance represents 10.2 hours per full-time employee (FTE) at the current evaluation. This level of service hours per FTE is comparable or in some cases higher than other institutions operating in the AAs. The volume of CD service hours increased slightly since the previous evaluation of 1,877 service hours, which is favorable considering the impact COVID-19 had on the availability of service opportunities. Service hours primarily targeted community services and economic development. Affordable housing and economic development represent an identified need throughout the AAs.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Sacramento AA	33.5	1,347	242.5	33	1,656
Solano AA	23.5	0	210	0	233.5
Statewide Activities	0	133.5	0	0	133.5
Total	57	1,480.5	452.5	33	2,023
<i>Source: Bank Data</i>					

The following are notable examples of CD service efforts at the statewide level:

- In 2022, one bank employee provided 11.0 hours of community service to a charitable foundation targeted to support LMI individuals.
- In 2022, one bank employee provided 3.0 hours of community service that benefitted Minority Deposit Institution and CDFI banks.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

SACRAMENTO AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SACRAMENTO

The Sacramento AA consists of Placer, Sacramento, and Yolo Counties, comprising a portion of the Sacramento-Roseville-Folsom, CA MSA #40900. While there have been no changes to the bank delineated AA, the number of CTs and their designations have changed during the review period as a result of revisions by the Office of Management and Budget (OMB).

Economic and Demographic Data

Based on the 2020 Census data, changes from the 2015 ACS include the addition of: 1 low-, 18 moderate-, 26 middle-, and 15 upper-income CTs. Unknown income designations CTs increased by 5. The AA consists of the following CT income designations:

- 45 low-income
- 128 moderate-income
- 171 middle-income
- 157 upper-income
- 7 unknown-income designation

The following table illustrates AA demographic characteristics according to the 2020 U.S. Census and 2022 D&B Data.

Demographic Information of the Assessment Area						
Assessment Area: Sacramento AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	508	8.9	25.2	33.7	30.9	1.4
Population by Geography	2,206,197	8.5	25.0	33.8	31.8	1.0
Housing Units by Geography	817,564	8.0	24.4	35.5	31.6	0.6
Owner-Occupied Units by Geography	459,408	4.0	19.3	37.9	38.6	0.2
Occupied Rental Units by Geography	308,439	13.7	32.5	31.8	20.8	1.2
Vacant Units by Geography	49,717	9.2	20.9	35.7	33.3	0.9
Businesses by Geography	224,048	8.6	25.5	31.1	33.0	1.8
Farms by Geography	5,060	5.7	21.7	36.5	35.1	1.0
Family Distribution by Income Level	513,786	23.5	16.9	19.1	40.5	0.0
Household Distribution by Income Level	767,847	25.0	16.0	17.3	41.8	0.0
Median Family Income MSA - 40900 Sacramento-Roseville-Folsom, CA MSA		\$90,500	Median Housing Value			\$417,886
			Median Gross Rent			\$1,382
			Families Below Poverty Level			8.9%
Source: 2020 U.S. Census and 2022 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

Designated Disasters

During the evaluation period, the institution's AA experienced the following designated disasters that affected the economic conditions in the areas of bank operations:

- CA COVID-19 Pandemic - FEMA- 4482-DR, CA Disaster Declaration as of March 22, 2020: All counties in CA.
- CA Wildfires- FEMA-4610-DR, CA Disaster Declaration as of September 24, 2021: Placer County.
- CA Severe Winter Storms, Flooding, Landslides, and Mudslides- FEMA 4683, CA Disaster Declaration as of February 22, 2023.

Unemployment

The Bureau of Labor Statistics provides data on changes in unemployment rates. Unemployment rates in CA and the United States declined from 2020 to 2022. The AA unemployment rates reflected similar trends, with a steady decline across the years. In 2020, the AA, state, and nation

experienced significant increases in unemployment rates due to the onset of the COVID-19 pandemic. As pandemic conditions receded in 2021, unemployment rates reflected moderate improvement. As shown below, 2022 reflects the lowest levels of unemployment rates in the presented years. The following table illustrates the unemployment rates for the AA, CA, and nationwide for 2020, 2021, and 2022.

Unemployment Rates			
Area	2020	2021	2022
	%	%	%
Placer	7.5	5.1	3.0
Sacramento	9.5	6.9	3.9
Yolo	7.8	6.0	4.0
State of CA	10.2	7.3	4.2
National Average	8.1	5.4	3.6
Source: Bureau of Labor Statistics			

The Federal Financial Institutions Examination Council (FFIEC) updates median family income on an annual basis. The low-, moderate-, middle-, and upper-income levels for the AA are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Sacramento-Roseville-Folsom, CA MSA Median Family Income (40900)				
2020 (\$86,700)	<\$43,350	\$43,350 to <\$69,360	\$69,360 to <\$104,040	≥\$104,040
2021 (\$90,900)	<\$45,450	\$45,450 to <\$72,720	\$72,720 to <\$109,080	≥\$109,080
2022 (\$102,400)	<\$51,200	\$51,200 to <\$81,920	\$81,920 to <\$122,880	≥\$122,880
Source: FFIEC				

Sacramento-Roseville-Folsom, CA

According to Moody's Analytics as of March 2023, while the Sacramento AA economy is in a strong position, job growth has fallen, state government employment has weakened, and unemployment is on the rise. Home prices in the area are declining at a higher rate than the nation. Tax revenue is expected to lower due to the downturn in the tech sector. The healthcare sector is in demand considering rural hospital closures. As affordability in Sacramento diminishes, this threatens population gains. Migration has increased as housing costs rose during the pandemic. It is anticipated that the economy will slow, and overall success of the area is contingent on its affordability. The region's top employers include University of CA, Davis and UC Davis Health, Sutter Health, Kaiser Permanente, Dignity Health, and Intel Corp.

Competition

The AA is highly competitive for financial services. According to the June 30, 2022 FDIC Deposit Market Share Report, 38 banks operate 290 branches and share a total of \$70.2 million in deposits within the AA. The top 5 institutions control 74.1 percent of the AA's deposit market share with a combined \$52.0 million in deposits. The five largest financial institutions are Wells Fargo Bank, U.S. Bank, Bank of America, JPMorgan Chase Bank, and River City Bank. According to the same data, FNB operates 10 branches that maintain \$1.2 million in deposits, representing 1.6 percent of the AA's deposits and ranking 10th based on deposit market share.

Community Contact

Examiners used an existing small business contact that serves the Sacramento area. The contact indicated that living costs and businesses costs are high in Sacramento. Although the costs are not as high as compared to other surrounding areas, there is a need for more capital for small business assistance. The small businesses in the area have been struggling since the first wave of COVID-19 hit; however, small businesses have started to recover beginning in January 2022. The contact also indicated that there is a primary need for small business assistance from banks. The contact would like to see more involvement from local financial institutions particularly in conducting workshops as well as educational assistance to small business owners.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contact, bank management, and demographic and economic data, examiners determined that small business loans and affordable housing are primary needs for the AA. Additionally, examiners identified small business education and assistance (community services) as CD needs.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SACRAMENTO

LENDING TEST

Lending levels reflect good responsiveness, the geographic distribution of loans reflects adequate penetration, the distribution of borrowers reflects excellent penetration, and FNB made a relatively high level of CD loans in the AA.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs. FNB originated or purchased 1,364 small business loans totaling \$187.7 million; 412 home mortgage loans totaling \$142.4 million; 89 small farm loans totaling \$12.2 million, and 58 CD loans totaling \$90.4 million during this evaluation period.

During the evaluation period, FNB did not meet the reporting threshold to report CRA small business data until 2022; therefore, lending levels were not included in the institution market share reports. Examiners considered market share lending levels of aggregate lenders as performance context to better understand the bank's level of lending in the AA. In 2020, the bank originated 505 small business loans totaling \$61.1 million. In 2021, the bank increased small business originations to 724 loans totaling \$93.3 million. In 2022, small business lending decreased to 135 loans totaling \$33.2 million. FNB compared similarly or ahead of peer institutions in the AA in the years data was available. While the 2022 data is not yet available, the decrease in performance is explained by the sunset of the SBA PPP program, and is similar to levels of the previous examination.

In 2020, FNB originated or purchased 178 home mortgage loans totaling \$60.0 million. According to peer home mortgage data, in 2020, FNB ranked 122nd out of 716 lenders that reported 163,119 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.1 percent by number, and 0.1 percent by dollar. In 2021, FNB originated or purchased 187 home mortgage loans totaling \$23.3 million. According to peer home mortgage data in 2021, FNB ranked 121st out of 734 lenders that reported 157,556 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.1 percent by number, and 0.1 percent by dollar. In 2022, FNB originated or purchased 47 home mortgage loans totaling \$23.3 million. While performance decreased in 2022, rising interest rates contributed to the lower levels of mortgage activity. Since the previous evaluation, the total number of lenders in the market grew by 12.7 percent, while the total number of loans grew by 52.4 percent.

During the evaluation period, FNB did not meet the reporting threshold to report CRA small farm data until 2022; therefore, lending levels were not included in the institution market share reports. Examiners considered market share lending levels of aggregate lenders as performance context to better understand the bank's level of lending in the AA. In 2020, the bank originated 36 small farm loans totaling \$5.2 million. In 2021, the bank increased small business originations to 37 loans totaling \$93.3 million. In 2022, small farm lending decreased to 16 loans totaling \$2.2 million. FNB compared similarly or ahead of peer institutions in the AA in the years data was available.

Geographic Distribution

The institution's geographic distribution of loans reflects adequate penetration throughout the AA. Adequate penetration of small business and home mortgage loans, and poor penetration of small farm loans support this conclusion.

Small Business

The geographic distribution of loans reflects adequate penetration. In low- income areas, bank performance exceeded demographic data in 2020, declined slightly to levels just below demographic data in 2021. In 2022, bank performance is significantly higher compared to the percent of businesses. While performance in moderate-income areas was below demographic data in all years of analysis, performance demonstrated a consistent upward trend.

Geographic Distribution of Small Business Loans					
Assessment Area: Sacramento AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2020	9.7	57	11.3	10,681	17.5
2021	9.7	61	8.4	10,654	11.4
2022	8.6	31	23.0	9,437	28.4
Moderate					
2020	22.4	70	13.9	10,656	17.4
2021	23.9	128	17.7	18,156	19.4
2022	25.5	28	20.7	7,407	22.3
Middle					
2020	30.1	161	31.9	15,472	25.3
2021	29.4	229	31.6	24,418	26.2
2022	31.1	35	25.9	7,270	21.9
Upper					
2020	35.8	211	41.8	23,195	38.0
2021	35.1	299	41.3	39,006	41.8
2022	33.0	40	29.6	8,836	26.6
Not Available					
2020	2.0	6	1.2	1,105	1.8
2021	1.9	7	1.0	1,120	1.2
2022	1.8	1	0.7	300	0.9
Totals					
2020	100.0	505	100.0	61,109	100.0
2021	100.0	724	100.0	93,354	100.0
2022	100.0	135	100.0	33,250	100.0
Source: 2020, 2021 & 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

Home Mortgage

The geographic distribution of loans reflects adequate penetration. While performance starts below demographic data and aggregate levels of lending in 2020, performance in 2021 significantly increases to levels far above those comparators. In 2022, performance is in line with the percent of owner-occupied housing units. The performance increase in 2021 is partially due to a concerted effort by the bank to purchase home mortgage loans in LMI areas. While the bank intended to also purchase loans in low-income areas in 2022, the transaction did not occur. While performance in moderate-income areas started off below demographic and aggregate levels, there was a sharp

increase in performance in 2021. Additionally, performance 2022 significantly exceeded the percent of owner occupied housing units.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Sacramento AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	4.9	4.7	4	2.2	2,244	3.6
2021	4.9	5.4	23	12.3	1,191	2.1
2022	4.0	--	2	4.3	381	1.6
Moderate						
2020	19.7	15.8	16	9.0	3,982	6.4
2021	19.7	17.8	42	22.5	6,312	11.0
2022	19.3	--	12	25.5	3,736	16.0
Middle						
2020	34.5	31.9	57	32.0	18,278	29.6
2021	34.5	32.0	52	27.8	15,897	27.7
2022	37.9	--	14	29.8	6,705	28.7
Upper						
2020	40.9	47.5	100	56.2	36,529	59.1
2021	40.9	44.8	70	37.4	33,906	59.2
2022	38.6	--	19	40.4	12,514	53.6
Not Available						
2020	0.0	0.1	1	0.6	765	1.2
2021	0.0	0.1	0	0.0	0	0.0
2022	0.2	--	0	0.0	0	0.0
Totals						
2020	100.0	100.0	178	100.0	61,797	100.0
2021	100.0	100.0	187	100.0	57,305	100.0
2022	100.0	--	47	100.0	23,335	100.0
Source: 2015 ACS; 2020 U.S. Census; Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Farm

The geographic distribution of loans reflects poor penetration. While the bank did not make any small farm loans in low-income areas, examiners considered additional performance context. Aggregate data in low-income areas represented just 1.8 percent, and 1.6 percent of lending in 2020 and 2021, respectively. While FNB was not a CRA reporter in 2020 and 2021, examiners

considered the aggregate levels of lending to better understand small farm loans demand in the AA and aggregate data was not compared directly to the bank's data. According to the performance of aggregate lenders, demand for farm credit in low-income geographies in the AA appears low. Performance in moderate-income areas in 2020 and 2021 was significantly below the percentage of farms. Aggregate lenders were able to achieve 11.8 percent and 8.6 percent of lending in 2020 and 2021, respectively. Aggregate data demonstrates there is slightly more demand in moderate-income tracts. In 2022, the banks performance increased dramatically, and exceeded the percent of farms in moderate-income tracts.

Geographic Distribution of Small Farm Loans					
Assessment Area: Sacramento AA					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low					
2020	6.0	0	0.0	0	0.0
2021	6.1	0	0.0	0	0.0
2022	5.7	0	0.0	0	0.0
Moderate					
2020	20.3	1	2.8	3	0.1
2021	20.5	1	2.7	111	2.1
2022	21.7	4	25.0	335	14.7
Middle					
2020	31.8	25	69.4	2,102	44.0
2021	31.6	24	64.9	3,488	67.5
2022	36.5	11	68.8	1,690	74.5
Upper					
2020	41.3	10	27.8	2,672	55.9
2021	41.1	12	32.4	1,566	30.3
2022	35.1	1	6.3	245	10.8
Not Available					
2020	0.6	0	0.0	0	0.0
2021	0.7	0	0.0	0	0.0
2022	1.0	0	0.0	0	0.0
Totals					
2020	100.0	36	100.0	4,777	100.0
2021	100.0	37	100.0	5,165	100.0
2022	100.0	16	100.0	2,270	100.0
Source: 2020, 2021 & 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

Borrower Profile

The distribution of borrowers reflects excellent penetration among retail customers of different income levels and business and farm customers of different revenue size. Excellent small business and small farm performance, and adequate home mortgage support this conclusion.

Small Business

The distribution of small business borrowers reflects excellent penetration among business customers of different revenue sizes, as depicted in the following table. Performance increased between 2020 and 2021, with a decrease in 2022. Examiners also considered aggregate levels of performance to better understand loan demand in the AA. Aggregate lenders achieved 41.4 and 48.0 percent of lending to small businesses in 2020 and 2021, respectively.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Sacramento AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2020	87.2	308	61.0	19,326	31.6
2021	88.7	471	65.1	28,058	30.1
2022	90.4	71	52.6	12,467	37.5
>\$1,000,000					
2020	3.9	187	37.0	41,165	67.4
2021	3.3	251	34.7	65,226	69.9
2022	2.7	62	45.9	20,734	62.4
Revenue Not Available					
2020	8.9	10	2.0	618	1.0
2021	8.0	2	0.3	70	0.1
2022	6.9	2	1.5	48	0.1
Totals					
2020	100.0	505	100.0	61,109	100.0
2021	100.0	724	100.0	93,354	100.0
2022	100.0	135	100.0	33,249	100.0
<i>Source: 2020, 2021 & 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage

The distribution of borrowers reflects adequate penetration among retail customers of different income levels. FNB's lending to low-income borrowers was relatively in line with aggregate levels of performance. While lending to moderate-income borrowers was below the percentage of

families and aggregate performance levels in 2020; performance increased dramatically in 2021. In 2022 bank performance was higher than the percentage of moderate-income families.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Sacramento AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	24.2	3.3	5	2.8	781	1.3
2021	24.2	4.3	8	4.3	1,030	1.8
2022	23.5	--	1	2.1	190	0.8
Moderate						
2020	16.5	12.9	17	9.6	3,951	6.4
2021	16.5	14.1	49	26.2	7,624	13.3
2022	16.9	--	9	19.1	2,257	9.7
Middle						
2020	18.3	23.2	43	24.2	12,186	19.7
2021	18.3	23.3	49	26.2	9,291	16.2
2022	19.1	--	7	14.9	2,973	12.7
Upper						
2020	40.9	45.7	91	51.1	36,086	58.4
2021	40.9	43.3	68	36.4	24,886	43.4
2022	40.5	--	24	51.1	13,166	56.4
Not Available						
2020	0.0	15.0	22	12.4	8,793	14.2
2021	0.0	15.0	13	7.0	14,474	25.3
2022	0.0	--	6	12.8	4,749	20.4
Totals						
2020	100.0	100.0	178	100.0	61,798	100.0
2021	100.0	100.0	187	100.0	57,305	100.0
2022	100.0	--	47	100.0	23,335	100.0
Source: 2015 ACS; 2020 U.S. Census; Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Farm

The distribution of small farm borrowers reflects excellent penetration among farm customers of different revenue sizes, as depicted in the following table. Performance decreased slightly between 2020 and 2021, with a substantial increase in 2022. Examiners also considered aggregate levels of

performance to better understand loan demand in the AA. Aggregate lenders achieved 49.8 and 62.2 percent of lending to small farms in 2020 and 2021, respectively.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Assessment Area: Sacramento AA					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2020	94.2	27	75.0	3,198	66.9
2021	95.1	26	70.3	3,235	62.6
2022	95.7	14	87.5	1,860	81.9
>\$1,000,000					
2020	3.3	9	25.0	1,579	33.1
2021	2.8	10	27.0	1,870	36.2
2022	2.4	1	6.3	350	15.4
Revenue Not Available					
2020	2.5	0	0.0	0	0.0
2021	2.2	1	2.7	60	1.2
2022	2.0	1	6.3	60	2.6
Totals					
2020	100.0	36	100.0	4,777	100.0
2021	100.0	37	100.0	5,165	100.0
2022	100.0	16	100.0	2,270	100.0
Source: 2020, 2021 & 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

Community Development Loans

FNB made a relatively high level of CD loans in the Sacramento AA. While performance in the AA decreased since the last evaluation where the bank made 479 CD loans totaling \$229.3 million, as mentioned in the overall section, the bank does not have the same flexibilities under large bank procedures to allocate qualified loans to the CD test; therefore, comparing performance to the prior evaluation levels is not reasonable. In addition, the bank's review period was split in the middle of SBA PPP lending. A large portion of the bank's CD loan volume at the prior evaluation is attributed the bank's participation in the SBA PPP program, all of which was allocated to the CD test. At the current evaluation CD loans primarily targeted revitalization or stabilization efforts. Lending also benefitted economic development, an identified credit need within the AA. The following table illustrates the bank's CD lending activity by year and CD category.

Community Development Lending - Sacramento AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020	2	1,019	4	677	0	0	7	22,769	13	24,465
2021	1	1,500	6	553	6	4,808	8	16,755	21	23,616
2022	2	3,200	2	521	12	16,030	4	7,800	20	27,551
YTD 2023	2	5,750	1	4,037	1	5,000	0	0	4	14,787
Total	7	11,469	13	5,788	19	25,838	19	47,324	58	90,419
<i>Source: Bank Data</i>										

The following are notable examples of CD loans in the Sacramento AA:

- FNB originated a \$10.0 million loan to support revitalization and stabilization in the AA. The loan was made to a business located in LMI areas to support cash flow and continuing business operations.
- FNB originated a \$1.5 million loan to a non-profit organization that supports affordable housing in the AA. The loan was to finance the construction of a housing project in an LMI CT.
- FNB originated 2 loans totaling approximately \$5.7 million to support affordable housing in the AA. The loans were extended to a developer to construct an affordable multi-family housing structure in a LMI CT.

INVESTMENT TEST

FNB has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The institution exhibits adequate responsiveness to credit and CD needs. FNB occasionally uses innovative or complex investments to support CD initiatives.

Investment and Grant Activity

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. During the evaluation period, FNB made 3 new investments totaling \$7.7 million, retained 3 investments totaling \$1.8 million, and made 118 grants and donations totaling \$226,000. Although FNB did not make any investments in 2020, 2021, and 2022, the bank's total investments and donations volume for the review period increased compared to the previous evaluation. At the previous evaluation, FNB made 3 investments totaling \$2.8 million, and 81 grants and donations totaling \$122,000 in the AA. Similar to the previous evaluation, the majority of FNB's investments benefited affordable housing followed by community services, which are identified needs. Performance was comparable

to other institutions that operate in the market. The following table details FNB's investments and donations by year and CD type.

Qualified Investments – Sacramento AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	277	2	1,500	0	0	0	0	3	1,777
YTD 2023	3	7,698	0	0	0	0	0	0	3	7,698
Subtotal	4	7,975	2	1,500	0	0	0	0	6	9,475
Qualified Grants & Donations	0	0	115	205	3	21	0	0	118	226
Total	4	7,975	117	1,705	3	21	0	0	124	9,701
<i>Source: Bank Data</i>										

Listed below are some notable examples of qualified investments and donations made by the bank within this AA:

- FNB invested \$3.6 million in a Low-Income Housing Tax Credit (LIHTC) project that supports affordable housing in the AA.
- FNB invested \$4.0 million in mortgage-backed securities (MBS) that are secured by mortgages made to LMI borrowers.
- FNB maintained a \$500,000 investment that supports community services in the AA by supporting local schools where a majority of students qualify for free or reduced lunch.

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and CD needs. Bank investments primarily benefitted affordable housing, an identified CD need in the AA. Affordable housing investments in the AA included three mortgage-backed securities made to LMI borrowers and one LIHTC which the bank was instrumental in establishing. FNB also supported economic development by providing 3 donations totaling \$21,000 to organizations that assist small farms. Economic development is a CD need identified by community contacts.

Community Development Initiatives

The institution occasionally uses innovative and complex investments to support CD initiatives. Refer to the bank-wide AA analysis for further details.

SERVICE TEST

Delivery systems are reasonably accessible to essentially all portions of the Sacramento AA. Services, including business hours, do not vary in a way that inconveniences certain portions of the AA. FNB employees provided a relatively high level of CD services.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the Sacramento AA. The AA branch distribution and alternative delivery systems are consistent with the institution overall. FNB operates nine full-service branches in the Sacramento AA. The percentage of branches located in low-income CTs is above the 9.2 percent of branches other institutions operate. Performance is also above the percentage of households, families, businesses, and farms located in low-income geographies. The percentage of branches located in moderate-income CTs is above the 25.3 percent of other institution branches that operate in the AA, as well as the percentage of households, families, businesses, and farms located in moderate-income geographies. In addition, several of the branches in middle- and upper-income CTs have the ability to serve nearby LMI geographies. The following table shows the distribution of CTs, population, FNB branches and ATMs in the AA by income level.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	45	8.9	186,474	8.5	1	11.1	1	16.7
Moderate	128	25.2	551,060	25.0	3	33.3	2	33.3
Middle	171	33.7	745,823	33.8	0	0.0	0	0.0
Upper	157	30.9	700,587	31.8	5	55.6	3	50.0
NA	7	1.4	22,253	1.0	0	0.0	0	0.0
Total	508	100.0	2,206,197	100.0	9	100.0	6	100.0
<i>Source: 2020 Census Data; Bank Data</i>								

Changes in Branch Locations

There have been no changes in branch locations in the Sacramento AA; therefore, this criterion did not impact performance.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and individuals. Products and services offered in the AA are consistent with the institution overall. Of the institution's nine full-service branches, one is located in low-, and three are located in moderate-income geographies. Branch hours for seven locations are Monday through Thursday from 9:00 a.m. to 5:00 p.m., with extended Friday hours from 9:00 a.m. to 6:00 p.m., and offer ATM services. The Sacramento Branch located in a moderate tract has

inconsistent lobby hours from 9:00 a.m. to 1:00 p.m. and 2:00 p.m. to 5:00 p.m. Monday through Friday. This location does not offer extended Friday hours or ATM access due to a number of factors. First, the office is staffed with only two employees. Secondly, the branch is located in a high-rise building with low consumer traffic. Lastly, this location is used to house the CRE and C&I divisions. The Satellite Branch at University Retirement Community is located in an upper-income tract, and strictly operates on Wednesday from 9:00 a.m. to 11:00 a.m. This limited service branch accepts deposits and cashes checks of \$100 or less. The bank's West Sacramento Branch, located in a low-income CT offers drive-up services. FNB services, including alternative delivery systems, are available at each full-service branch and are consistent with the discussion at the overall institution level. ATM services are available at three of the four LMI locations.

Community Development Services

FNB provides a relatively high level of CD services in the Sacramento AA. As described under the bank-wide AA, the Sacramento AA received the greatest weight and the bank's CD service hours per FTE is comparable or in some instances higher than other institutions operating in the area. Service hours increased compared to the prior evaluation of 440.5 hours. Bank employees primarily provided qualified services to support community service and economic development, which was an identified need in the AA. The following table details FNB's CD service activity by year and CD purpose.

Community Development Services – Sacramento AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020	0	384	57	33	474
2021	23	480.5	77	0	580.5
2022	10.5	337.5	86.5	0	434.5
YTD 2023	0	145	22	0	167
Total	33.5	1,347	242.5	33	1,656
<i>Source: Bank Data</i>					

The following are notable examples of CD services provided in the AA:

- In 2021, a bank employee served as a member of a non-profit's Loan Guaranty Committee that supports small businesses in the Sacramento AA. The volunteer hours support an identified CD need for economic development.
- In 2021, a bank employee served as a Board member of a local non-profit in support of affordable housing CD needs. The non-profit collaborates with other local banks and non-profit organizations to discuss affordable housing projects.
- In 2022, a bank employee served as a board member of a non-profit providing financial expertise. The non-profit provides services to LMI and homeless individuals.

SOLANO AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SOLANO

The Solano AA consists of a portion of Solano County comprising a portion of the Vallejo, CA MSA #46700. While there have been no changes to the bank delineated AA, the number of CTs and their designations have changed as a result of the 2020 U.S. Census, and revisions of delineations by the OMB.

Economic and Demographic Data

Based on the 2020 Census data, changes from the 2015 ACS include a decrease of 2 low-, and 2 moderate-income CTs and an increase of 6 middle-, and 2 upper-income CTs. Unknown income designations CTs remained the same. The AA consists of the following CT income designations:

- 1 low-income
- 13 moderate-income
- 29 middle-income
- 17 upper-income
- 2 unknown-income designation

The following table illustrates AA demographic characteristics according to the 2020 U.S. Census and 2022 D&B Data.

Demographic Information of the Assessment Area						
Assessment Area: Solano AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	62	1.6	21.0	46.8	27.4	3.2
Population by Geography	298,880	1.3	18.2	49.9	28.4	2.2
Housing Units by Geography	102,276	1.3	18.3	52.8	27.7	0.0
Owner-Occupied Units by Geography	61,802	0.9	12.7	51.9	34.5	0.0
Occupied Rental Units by Geography	35,752	1.9	27.1	54.5	16.5	0.0
Vacant Units by Geography	4,722	0.7	25.5	50.5	23.3	0.0
Businesses by Geography	22,646	0.8	17.7	47.4	33.9	0.2
Farms by Geography	729	0.4	13.7	47.6	38.3	0.0
Family Distribution by Income Level	72,404	20.0	17.0	23.1	39.9	0.0
Household Distribution by Income Level	97,554	20.5	16.2	21.2	42.1	0.0
Median Family Income MSA - 46700 Vallejo, CA MSA		\$95,438	Median Housing Value			\$436,833
			Median Gross Rent			\$1,706
			Families Below Poverty Level			5.8%
Source: 2020 U.S. Census and 2022 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

Designated Disasters

During the evaluation period, the institution's AA experienced the following designated disasters that affected the economic conditions in the areas of bank operations:

- CA Wildfires- FEMA-4558-DR, CA Disaster Declaration as of November 12, 2020: Solano County.

Unemployment

The Bureau of Labor Statistics provides data on changes in unemployment rates. Unemployment rates in CA and the United States declined from 2020 to 2022. The AA unemployment rates reflected similar trends, with a steady decline across the years. In 2020, the AA, state, and nation experienced significant increases in unemployment rates due to the onset of the COVID-19 pandemic. As pandemic conditions receded in 2021, unemployment rates reflected moderate improvement. 2022 reflects the lowest levels of unemployment rates in the presented years. The following table illustrates the unemployment rates for the AA, CA, and nationwide for 2020, 2021, and 2022.

Unemployment Rates			
Area	2020	2021	2022
	%	%	%
Solano	9.8	7.3	4.2
State of CA	10.2	7.3	4.2
National Average	8.1	5.4	3.6
Source: Bureau of Labor Statistics			

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

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Vallejo, CA MSA Median Family Income (46700)				
2020 (\$95,400)	<\$47,700	\$47,700 to <\$76,320	\$76,320 to <\$114,480	≥\$114,480
2021 (\$99,300)	<\$49,650	\$49,650 to <\$79,440	\$79,440 to <\$119,160	≥\$119,160
2022 (\$108,700)	<\$54,350	\$54,350 to <\$86,960	\$86,960 to <\$130,440	≥\$130,440
Source: FFIEC				

Vallejo-Fairfield, CA MSA

According to Moody's Analytics from March 2023, the area's economy is performing better than anticipated. The jobless rate is below national levels. Additionally, home prices are on the decline. Healthcare remains in demand, as the area's elderly population grows. The County has supported struggling hospital systems with appropriations. The area also has several biotech companies that continue to support the economy, and are expected to create several thousand jobs. Travis Air Force Base also provides economic support to the area, and is home to the KC-46 Pegasus air tankers. The area has seen positive population trends, especially from the migration of Bay Area residents during the pandemic.

Competition

The AA is moderately competitive for financial services. According to the June 30, 2022 FDIC Deposit Market Share Report, 12 banks operate 46 branches and share a total of \$7.1 million in deposits within the AA. The top 5 institutions control 80.0 percent of the AA's deposit market share with a combined \$5.6 million in deposits. The five largest financial institutions are Bank of America, Wells Fargo Bank, JPMorgan Chase Bank, FNB, and Bank of the West. According to the same data, FNB operates 4 branches that maintain \$0.6 million in deposits, representing 7.1 percent of the AA's deposits and ranking 4th based on deposit market share.

Community Contact

As part of the evaluation process, examiners contacted a local organization in the AA to help in the identification of the credit and CD needs. The compiled information assists examiners in determining whether local financial institutions are responsive to the needs and shows what credit and CD opportunities are available.

The contact stated that small businesses find it difficult to obtain commercial real estate loans for business operations. Additionally, small businesses struggle acquiring additional financing if they currently have SBA loans. The contact expressed a desire for more CD type lending, especially for borrowers in these situations.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contact, bank management, and demographic and economic data, examiners determined that small business loans and affordable housing are primary needs for the AA. Additionally, examiners identified economic development activities and community services as CD needs during the COVID-19 pandemic.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SOLANO

LENDING TEST

Lending levels within the Solano AA reflect good responsiveness. The geographic distribution of loans reflects adequate penetration. The distribution of borrowers reflects excellent penetration. FNB made an adequate level of CD loans in the AA.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs. FNB originated or purchased 475 small business loans totaling \$53.2 million; 180 home mortgage loans totaling \$55.4 million; 60 small farm loans totaling \$10.5 million, and 11 CD loans totaling \$10.1 million during this evaluation period.

During the evaluation period, FNB did not meet the threshold to report CRA small business data until 2022; therefore, lending levels were not included in the institution market share reports. Examiners considered market share levels of aggregate lenders as performance context to better understand the bank's level of lending in the AA. In 2020, the bank originated 181 small business loans totaling \$16.2 million. In 2021, the bank increased small business originations to 256 loans totaling \$25.2 million. In 2022, small business lending decreased to 38 loans totaling \$11.8 million. FNB performance was similar or ahead of peer institutions in the AA in the years data was available. While 2022 data is not yet available, the decrease in performance is explained by the sunset of the SBA PPP program, and is relatively similar to levels of the previous examination.

In 2020, FNB originated or purchased 68 home mortgage loans totaling \$22.1 million. According to peer home mortgage data, in 2020, FNB ranked 60th out of 437 lenders that reported 22,970 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.3 percent by number, and 0.3 percent by dollar. In 2021, FNB originated or purchased 90 home mortgage loans totaling \$22.2 million. According to peer home mortgage data in 2021, FNB ranked 44th out of 467 lenders that reported 22,764 originated or purchased home mortgage loans in the AA, giving the bank a market share of 0.4 percent by number, and 0.3 percent by dollar. In 2022, FNB originated or purchased 22 home mortgage loans totaling \$11.1 million. While performance decreased in 2022, rising interest rates contributed to the lower levels of mortgage activity. Since the previous evaluation, the total number of lenders in the market grew by 10.1 percent, while the total number of loans grew by 46.5 percent.

During the evaluation period, FNB did not meet the reporting threshold to report CRA small farm data until 2022; therefore, lending levels were not included in the institution market share reports. Examiners considered market share lending levels of aggregate lenders as performance context to better understand the bank's level of lending in the AA. In 2020, the bank originated 23 small farm loans totaling \$4.3 million. In 2021, the bank increased small farm originations to 28 loans totaling \$4.3 million. In 2022, small farm lending decreased to 9 loans totaling \$1.9 million. FNB compared ahead of peer institutions in the AA in the years' data was available.

Geographic Distribution

The institution's geographic distribution of loans reflects adequate penetration throughout the AA. Adequate penetration of small business, home mortgage, and small farm lending support this conclusion.

Small Business

The geographic distribution of loans reflects adequate penetration. In low-income areas, bank performance was on par with the percent of businesses in 2020, and just slightly below in 2021. In 2022, while the bank did not lend to low-income areas, the demographics significantly changed and represents limited opportunity to lend. Performance in moderate-income areas started strong in 2020 compared to the percent of businesses, then decreased in 2021. In 2022, the percent of businesses located in moderate-income geographies declined, while bank lending increased to levels higher than demographic.

Geographic Distribution of Small Business Loans					
Assessment Area: Solano AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2020	5.6	9	5.0	694	4.3
2021	5.5	9	3.5	1,309	5.2
2022	0.8	0	0.0	0	0.0
Moderate					
2020	23.7	48	26.5	2,706	16.7
2021	24.0	47	18.4	3,960	15.7
2022	17.7	8	21.1	960	8.2
Middle					
2020	34.6	77	42.5	9,386	58.0
2021	34.0	137	53.5	12,804	50.7
2022	47.4	21	55.3	8,463	71.9
Upper					
2020	35.8	47	26.0	3,392	21.0
2021	36.4	63	24.6	7,189	28.5
2022	33.9	9	23.7	2,348	19.9
Not Available					
2020	0.2	0	0.0	0	0.0
2021	0.2	0	0.0	0	0.0
2022	0.2	0	0.0	0	0.0
Totals					
2020	100.0	181	100.0	16,178	100.0
2021	100.0	256	100.0	25,262	100.0
2022	100.0	38	100.0	11,771	100.0
Source: 2020, 2021 & 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

Home Mortgage

The geographic distribution of loans reflects adequate penetration. The percent of owner occupied housing units and aggregate levels of lending demonstrate limited opportunity to lend in low-income areas. The bank did not have activity in low-income areas in 2020 or 2022; however, performance in 2021 significantly exceeded both comparators. As mentioned in the Sacramento AA performance, the increase in 2021 is partially due to a concerted effort by the bank to purchase home mortgage loans in LMI areas. The bank intended to also purchase loans in low-income areas in 2022; however, the transaction did not occur. While lending to moderate-income borrowers was below the percentage of families and aggregate performance levels in 2020, performance increased

dramatically in 2021 to levels higher than aggregate. In 2022, the percent of owner occupied housing units decreased in moderate-income areas, while the bank's performance also decreased.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Solano AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	1.6	1.4	0	0.0	0	0.0
2021	1.6	1.6	15	16.7	159	0.7
2022	0.9	--	0	0.0	0	0.0
Moderate						
2020	16.4	13.1	2	2.9	336	1.5
2021	16.4	14.2	15	16.7	1,228	5.5
2022	12.7	--	2	9.1	295	2.7
Middle						
2020	44.8	43.4	37	54.4	9,806	44.4
2021	44.8	43.4	40	44.4	12,551	56.5
2022	51.9	--	9	40.9	3,973	35.7
Upper						
2020	37.2	42.1	29	42.6	11,946	54.1
2021	37.2	40.9	20	22.2	8,289	37.3
2022	34.5	--	11	50.0	6,853	61.6
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
2022	0.0	--	0.0	0	0.0	0
Totals						
2020	100.0	100.0	68	100.0	22,088	100.0
2021	100.0	100.0	90	100.0	22,227	100.0
2022	100.0	--	22	100.0	11,121	100.0
Source: 2015 ACS; 2020 U.S. Census; Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Farm

The geographic distribution of loans reflects adequate penetration. While the bank did not originate loans in low-income areas, the percent of farms in low-income areas demonstrate the limited opportunity to lend. Examiners also considered aggregate levels of performance to better understand loan demand. Aggregate lenders achieved 0.0 percent of lending in both 2020 and 2021

to low-income tracts in the AA further supporting the limited opportunity to lend. The bank also did not generate lending to moderate-income tracts during the review period. While the percent of farms in moderate-income areas appears to demonstrate better opportunity, examiners again considered aggregate levels of lending. Aggregate lenders were able to achieve 1.3 and 2.1 percent of small farm loans to moderate-income areas in 2020, and 2021, respectively. This limited performance demonstrates limited demand for credit. Lastly, most farmland in Solano County is located in middle- and upper-income geographies. The AA's LMI geographies are predominately located in the cities of Vacaville, CA and Fairfield, CA.

Geographic Distribution of Small Farm Loans					
Assessment Area: Solano AA					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low					
2020	0.9	0	0.0	0	0.0
2021	0.8	0	0.0	0	0.0
2022	0.4	0	0.0	0	0.0
Moderate					
2020	13.9	0	0.0	0	0.0
2021	14.2	0	0.0	0	0.0
2022	13.7	0	0.0	0	0.0
Middle					
2020	44.2	19	82.6	4,258	98.8
2021	43.8	20	71.4	3,067	71.8
2022	47.6	8	88.9	1,439	74.2
Upper					
2020	41.0	4	17.4	50	1.2
2021	41.3	8	28.6	1,203	28.2
2022	38.3	1	11.1	500	25.8
Not Available					
2020	0.0	0	0.0	0	0.0
2021	0.0	0	0.0	0	0.0
2022	0.0	0	0.0	0	0.0
Totals					
2020	100.0	23	100.0	4,308	100.0
2021	100.0	28	100.0	4,270	100.0
2022	100.0	9	100.0	1,939	100.0
Source: 2020, 2021 & 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

Borrower Profile

The distribution of borrowers reflects excellent penetration among retail customers of different income levels, and businesses and farms of different revenue size. Excellent small business, good home mortgage, and adequate small farm performance support this conclusion.

Small Business

The distribution of small business borrowers reflects excellent penetration among business customers of different revenue sizes, as depicted in the following table. Although the bank's performance is lower compared to the percent of businesses, examiners considered aggregate levels of performance to better understand loan demand in the AA. Aggregate lenders achieved 37.9 and 50.3 percent of lending to small businesses in 2020 and 2021, respectively.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Solano AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2020	87.0	127	70.2	6,046	37.4
2021	88.1	174	68.0	8,142	32.2
2022	89.1	18	47.4	3,462	29.4
>\$1,000,000					
2020	3.4	47	26.0	9,937	61.4
2021	3.1	80	31.3	16,995	67.3
2022	2.7	19	50.0	8,298	70.5
Revenue Not Available					
2020	9.7	7	3.9	195	1.2
2021	8.9	2	0.8	125	0.5
2022	8.2	1	2.6	10	0.1
Totals					
2020	100.0	181	100.0	16,178	100.0
2021	100.0	256	100.0	25,262	100.0
2022	100.0	38	100.0	11,771	100.0
<i>Source: 2020 & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage

The distribution of borrowers reflects good penetration among retail customers of different income levels. FNB's lending to low-income borrowers was relatively in line, or exceeded aggregate levels

of performance. Lending to moderate-income borrowers significantly exceeded aggregate levels in 2020 and 2021, and was slightly below the percent of families in 2022.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Solano AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	20.7	2.9	3	4.4	605	2.7
2021	20.7	4.1	4	4.4	680	3.1
2022	20.0	--	1	4.5	200	1.8
Moderate						
2020	17.3	12.6	18	26.5	4,361	19.7
2021	17.3	14.3	18	20.0	3,060	13.8
2022	17.0	--	3	13.6	645	5.8
Middle						
2020	20.0	24.6	14	20.6	4,579	20.7
2021	20.0	25.8	31	34.4	6,026	27.1
2022	23.1	--	5	22.7	2,240	20.1
Upper						
2020	42.0	36.9	25	36.8	10,402	47.1
2021	42.0	36.3	31	34.4	10,967	49.3
2022	39.9	--	12	54.5	5,586	50.2
Not Available						
2020	0.0	23.0	8	11.8	2,141	9.7
2021	0.0	19.4	6	6.7	1,495	6.7
2022	0.0	--	1	4.5	2,450	22.0
Totals						
2020	100.0	100.0	68	100.0	22,088	100.0
2021	100.0	100.0	90	100.0	22,227	100.0
2022	100.0	--	22	100.0	11,121	100.0
Source: 2015 ACS; Bank Data, 2020 & 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Farm

The distribution of small farm borrowers reflects adequate penetration among farm customers of different revenue sizes, as depicted in the following table. Performance decreased in 2021, with a slight increase in 2022. Examiners considered aggregate levels of performance to better understand

loan demand in the AA. Aggregate lenders achieved 58.2 and 62.8 percent of lending to small farms in 2020 and 2021, respectively.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Assessment Area: Solano AA					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2020	95.0	15	65.2	2,250	52.2
2021	95.6	14	50.0	1,476	34.6
2022	96.0	5	55.6	904	46.6
>\$1,000,000					
2020	3.8	7	30.4	2,049	47.6
2021	3.4	14	50.0	2,794	65.4
2022	2.7	4	44.4	1,035	53.4
Revenue Not Available					
2020	1.2	1	4.3	9	0.2
2021	1.1	0	0.0	0	0.0
2022	1.2	0	0.0	0	0.0
Totals					
2020	100.0	23	100.0	4,308	100.0
2021	100.0	28	100.0	4,270	100.0
2022	100.0	9	100.0	1,939	100.0
Source: 2020, 2021 & 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

Community Development Loans

FNB made an adequate level of CD loans in the Solano AA. While performance in the AA decreased since the last evaluation where the bank made 164 CD loans totaling \$51.5 million, as mentioned above, the bank does not have the same flexibilities under large bank procedures to allocate qualified loans to the CD test; therefore, comparing performance to the prior evaluation levels is not reasonable. In addition, the bank's review period was split in the middle of SBA PPP lending. A large portion of the bank's CD loan volume at the prior evaluation is attributed the bank's participation in the SBA PPP program, all of which was allocated to the CD test. At the current evaluation CD loans primarily targeted economic development efforts, an identified CD need. FNB did not make any CD loans for YTD 2023. Lending also benefitted revitalization and stabilization within the AA. The following table illustrates the bank's CD lending activity by year and CD category.

Community Development Lending – Solano AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020	1	200	3	52	0	0	0	0	4	252
2021	0	0	1	195	3	5,470	1	1,077	5	6,742
2022	0	0	0	0	1	1,100	1	2,000	2	3,100
Total	1	200	4	247	4	6,570	2	3,077	11	10,094
<i>Source: Bank Data</i>										

The following are notable examples of CD loans in the Solano AA:

- FNB originated a \$2.0 million SBA PPP loan to support economic development in the AA. The loan helped retain LMI jobs for a small business.
- FNB originated a \$200,000 loan to a non-profit organization that supports affordable housing in the AA. The loan is used to support construction and improvement of homes to LMI families.

INVESTMENT TEST

FNB has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. The institution exhibits adequate responsiveness to credit and CD needs. FNB occasionally uses innovative or complex investments to support CD initiatives.

Investment and Grant Activity

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. During the evaluation period, FNB made 20 new investments totaling \$5.8 million in 2021, and 41 donations totaling \$47,000. Performance increased compared to the previous evaluation where FNB did not have any investment activity, and made 25 donations totaling \$35,000. The bank did not make any investment in 2020, 2022, and YTD 2023. Investments during the current evaluation period benefit community service in the AA. The following table details FNB's investments and donations by year and CD type.

Qualified Investments – Solano AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	0	0	20	5,830	0	0	0	0	20	5,830
Subtotal	0	0	20	5,830	0	0	0	0	20	5,830
Qualified Grants & Donations	2	3	39	44	0	0	0	0	41	47
Total	2	3	59	5,874	0	0	0	0	61	5,877
<i>Source: Bank Data</i>										

The following are notable examples of CD investments and donations in the Solano AA:

- FNB made 20 new investments totaling \$5.8 million that supports community services in the AA by supporting local schools where a majority of students qualify for free or reduced lunch.

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and CD needs. Bank investments primarily benefitted community services during the evaluation period, which was an identified need during the COVID-19 pandemic. The bank also made two donations benefitting affordable housing initiatives in the AA, an identified CD need. Discussion with management revealed the limited investment opportunity in the AA. The investments identified that contributed toward CD benefit schools that primarily serve LMI children.

Community Development Initiatives

The institution occasionally uses innovative and complex investments to support CD initiatives. Refer to the bank-wide AA analysis for further details.

SERVICE TEST

Delivery systems are reasonably accessible to essentially all portions of the AA. Services, including business hours, do not vary in a way that inconveniences portions of the AA, particularly LMI geographies and individuals. FNB provides a limited level of CD services in Solano County.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially to all portions of the AA. The AA branch distribution and alternative delivery systems are consistent with the overall institution. FNB operates three full-service branches in Solano County; refer to the following table. The bank did not operate a branch in low-income areas during the review period; however, there are limited low-income tracts located in the AA. Performance was below the demographics and distribution of branches that other institutions operate in the area for moderate-income tracts. The bank's

Vacaville Branch while located in an upper-income geography is surrounded by and can readily serve the three LMI tracts in Vacaville. The Fairfield Branch is located in a middle-income geography, and is located 0.3 miles from nearby LMI geographies. The Dixon Branch is located in a middle-income tract and is entirely surrounded by middle-income geographies.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	1	1.6	3,836	1.3	0	0.0	0	0.0
Moderate	13	21.0	54,358	18.2	0	0.0	0	0.0
Middle	29	46.8	149,258	49.9	2	66.7	2	66.7
Upper	17	27.4	84,784	28.4	1	33.3	1	33.3
NA	2	3.2	6,644	2.2	0	0.0	0	0.0
Total	62	100.0	298,880	100.0	3	100.0	3	100.0
<i>Source: 2020 Census Data; Bank Data</i>								

Changes in Branch Locations

There have been no changes in branch locations in the Solano AA; therefore, this criterion did not impact performance.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences portions of the AA, particularly LMI geographies and individuals. All branches in the Solano AA offer consistent lobby hours from 9:00 am to 5:00 pm, and extended Friday hours of 9:00 am to 6:00 pm. The Dixon Branch located in a middle-income CT offers drive-up services. The Dixon branch is surrounded by middle-income geographies. All branches in the Solano AA offer ATM services.

Community Development Services

FNB provides a limited level of CD services. Service hours decreased compared to the prior evaluation. Bank employees primarily provided qualified services to support affordable housing and economic development, which are identified needs in the AA. The following table details FNB's CD service activity by year and CD purpose.

Community Development Services – Solano AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2020	0	0	61	0	61
2021	0	0	98	0	98
2022	23.5	0	51	0	74.5
YTD 2023	0	0	0	0	0
Total	23.5	0	210	0	233.5
<i>Source: Bank Data</i>					

The following are notable examples of CD services in the Solano AA:

- In 2021, a bank employee served on the Board of a non-profit organization. The non-profit provides job training and services to unemployed and underemployed individuals in the Solano AA, which supports economic development.
- In 2021, a bank employee served as a Board member of a non-profit organization. The non-profit is committed to attracting new jobs and maintaining competitive advantages for both existing and new businesses, which supports economic development.
- In 2022, a bank employee served as a Board member of a non-profit organization that supports affordable housing by meeting with local business partners to determine affordable housing projects.

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

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

- The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - The proportion of the bank's lending in the bank's assessment area(s);
 - The dispersion of lending in the bank's assessment areas(s); and
 - The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - Small business and small farm loans by loan amount at origination; and
 - Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- The dollar amount of qualified investments;
- The innovativeness or complexity of qualified investments;
- The responsiveness of qualified investments to available opportunities; and

- The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- The extent to which the bank provides community development services; and
- The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

First Northern Bank of Dixon	
Scope of Examination: Full scope reviews were performed on the following assessment areas within the noted rated areas: Sacramento Assessment Area Solano Assessment Area	
Time Period Reviewed:	April 20, 2020 – May 8, 2023
Products Reviewed: Small Business: [01/01/20 – 12/31/22] Home Mortgage: [01/01/20 – 12/31/22] Small Farm: [01/01/20 – 12/31/22]	

List of Assessment Areas and Type of Evaluation			
Assessment Area	Type of Evaluation	Branches Visited	Other Information
California:			
Sacramento AA	Full-scope	None	None
Solano AA	Full-scope	None	None

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

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

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

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- An unemployment rate of at least 1.5 times the national average;
- A poverty rate of 20 percent or more; or
- A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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

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

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

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

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

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

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

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

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.