



PUBLIC DISCLOSURE

March 15, 2021

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Bank of Southern California, National Association
Charter Number 24100

12265 El Camino Real, Suite 100
San Diego, CA 92130

Office of the Comptroller of the Currency

Santa Ana Field Office
1551 N. Tustin Avenue, Suite 1050
Santa Ana, CA 92705

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not 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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Overall CRA Rating

Institution's CRA Rating: This institution is rated **Satisfactory**.

The lending test is rated: Satisfactory

The community development test is rated: Satisfactory

The overall performance of Bank of Southern California, National Association (BoSC or bank) reflects satisfactory responsiveness to community credit needs. The major factors that support this rating include:

- The Lending Test rating is based on the bank's record of performance in meeting the credit needs of its assessment areas (AAs) during the evaluation period through its lending activities.
 - The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and business strategy.
 - The bank originated a substantial majority of its loans within its AAs.
 - The geographic distribution of loans reflects reasonable distribution throughout the bank's AAs.
 - Lending activities represent excellent distribution to businesses of different sizes.
- The Community Development (CD) Test rating is based on the aggregate assessment of the bank's community development activities for loans, investments, and services in the bank's AAs.
 - The bank's CD activities demonstrate an adequate level of responsiveness based on available opportunities in the AAs during the evaluation period.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's loan-to-deposit ratio is reasonable.

OCC examiners analyzed the bank's quarterly average LTD ratio for the 13 quarters since the previous CRA examination through December 31, 2020. BoSC's average LTD ratio for this period was 100.45 percent, with a high of 118.48 percent and a low of 91.34 percent. The bank's LTD ratio high of 118.48 percent was inflated by the high volume of Small Business Administration (SBA) Paycheck Protection Program (PPP) loans the bank funded starting the second quarter of 2021. For purposes of comparison, we selected seven banks that BoSC considers direct competitors for loans and deposits in its AAs. The combined average quarterly LTD ratio for these institutions over the same period was 96.64 percent. Their average quarterly LTD ratios ranged from a high of 110.23 percent to a low of 80.27 percent.

Lending in Assessment Area

A substantial majority of the bank's loans are inside its AAs.

The bank originated and purchased 92 percent of the number of loans and 91 percent of the dollar volume inside the bank's three AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be

considered under the other performance criteria. Lending Test conclusions are based upon loans originated and purchased inside the bank's AAs.

Lending Inside and Outside of the Assessment Areas 2018 - 2020										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2018	152	95.0	8	5.0	160	143,035	97.2	4,134	2.8	147,169
2019	137	92.6	11	7.4	148	159,308	91.5	14,744	8.5	174,052
2020	3,014	91.9	266	8.1	3,280	597,069	89.6	69,583	10.4	666,652
Total	3,303	92.1	285	7.9	3,588	899,412	91.0	88,461	9.0	987,873
<i>Source: Evaluation Period: 1/1/2018 - 12/31/2020 Bank Data. Due to rounding, totals may not equal 100.0.</i>										

Description of Institution

Bank of Southern California, N.A. is an intrastate full-service community bank headquartered in San Diego, California, near the community of Del Mar. The bank was chartered in December 2001 as Ramona National Bank. The bank's name was changed to First Business Bank in March 2007 after relocating to the north San Diego County area. Then it was changed again to Bank of Southern California, N.A. in June 2010 because another bank held the name of First Business Bank. BoSC acquired Americas United Bank (AUB) in August 2018 and CalWest Bank (CWB) in June 2020. BoSC became a wholly-owned subsidiary of Southern California Bancorp, a one-bank holding company, due to a reorganization in May 2020. BoSC has no affiliate relationships.

The bank operates 12 full-service branches in the contiguous counties of San Diego, Riverside, San Bernardino, Los Angeles, and Orange Counties. These counties make up BoSC's three AAs. During the evaluation period, the bank converted the Orange Loan Production Office (LPO) into a full-service branch and the West Los Angeles LPO changed locations. With the AUB acquisition the Commerce, Glendale, Lancaster, and Santa Fe Springs branches were added to the bank's geographic footprint. The CWB acquisition added the Huntington Beach, Irvine, Rancho Santa Margarita, and Redlands branches. The West Los Angeles LPO moved locations. During the evaluation period management closed the Commerce, El Paseo, Huntington Beach, and Lancaster branches. The bank has seven branches located in upper-income census tracts (CTs), Carlsbad, Del Mar, Downtown San Diego, Irvine, La Quinta, Rancho Mirage, and Rancho Santa Margarita. Two branches are located in middle-income CTs, Ramona and Redlands. Three branches are located in moderate-income CTs, Glendale, Orange, and Santa Fe Springs.

The bank offers traditional lending products with an emphasis on commercial and industrial (C&I) loans and commercial real estate (CRE) loans. The bank also participates in the Small Business Administration (SBA) 504 and 7(a) loan programs and is an SBA Preferred Lender. Consumer and retail lending activities are limited to Home Equity Line of Credits (HELOCs) and personal credit cards co-branded through Elan Financial Services.

The bank also offers traditional banking services. The La Quinta, Ramona, Rancho Mirage, and Rancho Santa Margarita branches offer automated teller machines (ATMs) and night drop services. The bank

also offers drive-up services at the La Quinta and Rancho Mirage branches. Safe deposit box services are available at the Glendale, La Quinta, Ramona, and Rancho Mirage branches. All branches are open for business Monday through Friday from 9:00 AM to 5:00 PM. Due to the COVID-19 pandemic, management temporarily reduced branch hours and physical access for consumers in the branches. BoSC offers a variety of alternative banking services including telephone banking, online banking, mobile banking, Remote Deposit Capture (RDC), bill payment, Automated Clearing House (ACH) origination, lockbox services, cash vault services, and merchant services.

As of December 31, 2020, BoSC reported total assets of \$1.6 billion, total loans of \$1.2 billion, total deposits of \$1.2 billion, and total equity capital of \$184.9 million. Total loans represented approximately 78.2 percent of total assets. Refer to the table below for a summary of the loan portfolio by major product types.

Bank of Southern California, N.A. Loan Portfolio by Major Product Type as of December 31, 2020		
Loan Type	(\$000's)	% of Portfolio
Commercial & Industrial	563,609	45.7
Commercial RE	399,803	32.4
Multifamily Residential RE	111,816	9.0
1-4 Family Residential RE	103,367	8.4
Construction	31,375	2.5
Other - Nondepository FI	14,000	1.1
Farmland	5,054	0.4
Consumer	4,806	0.4
Other loans	51	0.1
Total	1,233,881	100.0

There are no legal, financial, or other factors impeding the ability of the bank to meet credit needs in its communities. BoSC received a “Satisfactory” rating under the intermediate small bank CRA procedures at their January 2, 2018 CRA Examination.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation (PE) assesses the Community Reinvestment Act (CRA) performance of Bank of Southern California, N.A. using Intermediate Small Bank (ISB) CRA examination procedures. We performed a full-scope examination of the bank’s three assessment areas. Refer to Appendix A for detailed information.

Consistent with BoSC’s business strategy, OCC examiners reviewed the bank’s primary product of loans to small businesses. This evaluation also included an assessment of the bank’s community development lending, investments, and services activities. The evaluation period for both the lending test and CD test was January 1, 2018 through December 31, 2020.

With an evaluation period end date of December 31, 2020, bank qualifying activities performed in response to the significant impact the COVID-19 pandemic on economies across the United States are

addressed in this evaluation. This includes the more than 3,120 PPP loans that the bank originated in 2021. The bank opened their PPP loan portal to all interested borrowers and as a result made loans to both existing customers as well as noncustomers in both California and across the United States.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the “Scope” section under each State Rating for details regarding how full-scope AAs were selected. Refer to Appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank’s overall rating is a blend of the state ratings, and where applicable, multistate ratings.

BoSC has three AAs. Equal weighting for the evaluation was placed on all three AAs.

The MMSA rating and state ratings are based on performance in all bank AAs. Refer to the “Scope” section under each state and MMSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank’s or federal savings association’s (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank’s lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution’s next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of California

CRA rating for the State of California: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- The geographic distribution of loans reflects reasonable distribution throughout the bank's AAs.
- Lending activities represent excellent distribution to businesses of different sizes.
- BoSC's aggregate level of responsiveness to CD needs is adequate.

Description of Institution's Operations in California

San Diego County Assessment Area

Bank of Southern California, N.A. designated San Diego (SD) County as an AA. The county makes up the entire San Diego-Chula Vista-Carlsbad MSA and consists of 628 census tracts (CTs): 61 low-income; 142 moderate-income; 204 middle-income; and 214 upper-income. In addition, seven CTs do not report data and are listed as unknown. The AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income (LMI) geographies.

The primary lending products in SD County AA are commercial and industrial loans, commercial real estate loans, and construction/land loans. The bank has four branches in the AA, Carlsbad, Del Mar, Downtown San Diego, and Ramona. The Ramona branch is located in a middle-income CT and is the only branch in the AA that offers ATM services. The other three branches are all located in upper-income CTs. Competition from other financial institutions is strong in the SD AA. As of June 30, 2020, the FDIC Deposit Market Share report indicates bank's deposits inside the AA totaled \$541.8 million, ranking 22nd in deposit market share with 0.49 percent of the AA's deposits. A total of 48 financial institutions, with a combined 561 branches, competed for over \$110 billion deposits in SD County. This includes three nationwide mega-banks with a combined 254 branches that account for 50.1 percent of total deposit market share, representing \$55.4 billion in deposits.

The top industries in the SD AA include international trade, manufacturing, military, and tourism. The largest employer in the AA is the Federal Government, which includes the Department of Defense as there are a number of U.S. naval bases, the Naval Medical Center San Diego, the U.S. Marine Corps, and the U.S. Coast Guard. Other major employers include the State of California, the University of California and UC Health, Sharp Healthcare, and Scripps Health.

SD County was hard hit by COVID-19. The San Diego Association of Governments reported that the local unemployment rate skyrocketed from 3.1 percent before COVID-19 to 25 percent in May 2020. The gross regional product dropped 4.7 percent, approximately \$10-\$15 billion, and taxable sales dropped 8.3 percent, approximately \$5-\$7 billion. The County spent about \$20 million per month responding to the pandemic. The County slated funds for rental assistance, childcare, home internet access for school children, small businesses, restaurant owners, and increased telehealth capabilities. Public assistance and social service programs experienced increased enrollment. Approximately 200 thousand jobs were lost due to COVID-19.

To assess community needs, we reviewed information from recent interviews with two community organizations providing services in the SD County AA. The contacts mentioned that there is a need for nonprofit, entity-based working- and lending- capital for affordable housing development. Increased income inequality has negatively impacted affordable housing. Due to the recovering economy, construction and land costs have increased, which has increased homelessness in the area as well as made affordable housing developments costlier to build. There has been increased participation by local financial institutions for local affordable housing developments, however, the organizations primarily rely on Community Development Financial Institutions (CDFIs) for bridge and/or acquisition funding. One of the contacts said that they would like to see more local institutions participating in affordable housing developments.

The information in the following table provides SD County AA demographic information for 2020.

Table A – Demographic Information of the Assessment Area						
Assessment Area: SD County MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	628	9.7	22.6	32.5	34.1	1.1
Population by Geography	3,223,096	8.9	23.6	32.5	34.7	0.3
Housing Units by Geography	1,180,806	7.7	21.7	34.2	36.5	0.0
Owner-Occupied Units by Geography	579,079	2.8	15.1	35.5	46.6	0.0
Occupied Rental Units by Geography	515,078	13.1	28.8	32.8	25.2	0.0
Vacant Units by Geography	86,649	7.6	22.8	33.8	35.8	0.0
Businesses by Geography	302,002	5.5	14.9	34.8	44.6	0.2
Farms by Geography	5,749	4.2	17.6	37.8	40.4	0.0
Family Distribution by Income Level	731,328	23.6	16.9	17.8	41.7	0.0
Household Distribution by Income Level	1,094,157	24.8	15.7	17.1	42.4	0.0
Median Family Income MSA - 41740 San Diego-Chula Vista-Carlsbad, CA MSA		\$75,179	Median Housing Value			\$458,248
			Median Gross Rent			\$1,404
			Families Below Poverty Level			10.6%
<i>Source: 2015 ACS and 2020 D&B Data. Due to rounding, totals may not equal 100.0%.</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Inland Empire Assessment Area

Bank of Southern California, N.A. designated Riverside County and San Bernardino County, also known as the Inland Empire (IE), as an AA. Together the counties make up the Riverside-San Bernardino-Ontario MSA and include 822 CTs: 43 low-income; 246 moderate-income; 301 middle-income; and 226 upper-income. In addition, six CTs do not report data and are listed as unknown. The AA meets the requirements of the regulation and does not arbitrarily exclude LMI geographies.

The primary lending products in the IE AA are commercial real estate loans, commercial and industrial loans, construction/land loans, and SBA loans. The bank has two branches in the IE AA, Rancho Mirage and La Quinta. Both branches are located in upper-income CTs and have an ATM on-site. Competition

from other financial institutions is strong in the IE AA. As of June 30, 2020, the FDIC Deposit Market Share report indicates the bank’s deposits inside the AA total \$195.3 million ranking 26th in deposit market share with 0.30 percent of the AA’s deposits. A total of 40 financial institutions, with a combined 525 branches competed for over \$64 billion deposits in the Inland Empire. This includes three nationwide mega-banks with a combined 252 branches that account for 60.5 percent of total deposit market share, representing \$39.3 billion in deposits.

The top industries in the IE AA include health care, retail, trade, and transportation and warehousing. Major employers in the IE AA include Loma Linda University Medical Center, County of Riverside, Amazon, University of California - Riverside, and Ontario International airport.

The COVID-19 impact on the Inland Empire resulted in a loss of more than 195,000 jobs, causing the unemployment rate to jump from 3.6 percent in April 2019 to 14.4 percent in April 2020. Business activity plummeted down 26.5 percent in the second quarter of 2020. Assistance was provided for personal protection equipment, workplace modifications, and housing solutions for those affected by COVID-19.

To assess community needs, we reviewed information from recent interviews with three community organizations providing services in the IE AA. The contacts mentioned a general need for affordable housing and small business loans. Property costs have increased and thereby caused rental rates to increase at a faster pace than inflation. Small businesses are struggling to stay open and keep up with rent, which will eventually lead to evictions. They stated that PPP loans and SBA 504 loans are the only business loans that banks are willing to make given the continued economic uncertainty. However, more small business help, specifically with sole proprietorships, is needed. There is a lack of understanding of market lending needs and there is not a lot of new lending activity, other than for commercial properties. Additionally, there is a great need for financial education given the area’s ethnic diversity and growing Hispanic population.

The information in the following table provides IE AA demographic information for 2020.

Table A – Demographic Information of the Assessment Area						
Assessment Area: IE MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	822	5.2	29.9	36.6	27.5	0.7
Population by Geography	4,392,801	5.4	27.6	35.4	31.2	0.4
Housing Units by Geography	1,521,284	5.0	27.4	36.5	31.1	0.1
Owner-Occupied Units by Geography	819,653	2.6	21.0	37.2	39.1	0.1
Occupied Rental Units by Geography	493,904	9.1	37.8	33.8	19.2	0.0
Vacant Units by Geography	207,727	4.5	27.5	40.0	27.5	0.5
Businesses by Geography	271,572	4.3	25.0	34.5	36.1	0.1
Farms by Geography	5,647	4.0	24.3	37.8	33.8	0.1
Family Distribution by Income Level	979,189	23.0	16.8	18.9	41.3	0.0
Household Distribution by Income Level	1,313,557	24.6	15.9	17.4	42.2	0.0

Median Family Income MSA - 40140 Riverside-San Bernardino-Ontario, CA MSA	\$61,507	Median Housing Value	\$246,946
		Median Gross Rent	\$1,192
		Families Below Poverty Level	14.3%
<i>Source: 2015 ACS and 2020 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.</i>			

Southern California Assessment Area

Bank of Southern California, N.A. designated both Los Angeles County and Orange County, also referred to as Southern California (SC), as AAs. Each of these counties is a separate Metropolitan Division (MD), Los Angeles-Long Beach-Glendale MD and Anaheim-Santa Ana-Irvine MD. Together these MDs make up the Los Angeles-Long Beach-Anaheim MSA. For this PE the MDs will be combined, analyzed, and evaluated at the MSA level as one AA. The AA includes 2,929 CTs: 267 low-income; 821 moderate-income; 759 middle-income; and 1,029 upper-income. In addition, 53 CTs do not report data and are listed as unknown. The AA meets the requirements of the regulation and does not arbitrarily exclude LMI geographies.

The primary lending products in the SC AA are commercial real estate loans, commercial and industrial loans, and multi-family loans. The bank has six branches in the AA: Orange, Irvine, Rancho Santa Margarita, Glendale, Santa Fe Springs, and Redlands. The Irvine and Rancho Santa Margarita branches are both located in upper-income CTs, Redlands is in a middle-income CT, and Orange, Glendale, and Santa Fe Springs are in moderate-income CTs. The Rancho Santa Margarita branch is the only one in the AA that has an ATM on-site. Competition from other financial institutions is strong in the SC AA. As of June 30, 2020, the FDIC Deposit Market Share report indicates the bank's deposits inside the AA total \$423.2 million ranking 63rd in deposit market share with 0.06 percent of the AA's deposits. A total of 115 financial institutions, with a combined 2,322 branches competed for over \$676 billion deposits in the Southern California AA. This includes three nationwide mega-banks with a combined 1,048 branches that account for 44.4 percent of total deposit market share, representing \$300.3 billion in deposits.

The top industries in the SC AA include entertainment, hospitality and tourism, aerospace and defense, information technology, and trade and logistics. Major employers in the SC AA include County of Los Angeles, Los Angeles Unified School District, University of California - Los Angeles, Kaiser Permanente, The Walt Disney Company, and University of California - Irvine.

Southern California was especially sensitive to the impact of COVID-19. In Los Angeles County by the end of September of 2020, the COVID-19 pandemic devastated the economy resulting in a loss of 9.8 percent of its jobs. The unemployment rate for Orange County reached a high close to 15 percent in May 2020. The food services, hospitality, entertainment, and theme park industries were particularly hard-hit with job losses and lack of tourism in 2020.

To assess community needs, we reviewed information from recent interviews with three community organizations providing services in the SC AA. The contacts mentioned a significant affordable housing shortfall with growing numbers of homeless and families near homeless. The existing programs in place provide limited affordable housing support. On the business side, in light of the COVID-19 pandemic, people who lost their jobs are pivoting to entrepreneurial lines of work but are ineligible due to outside

income requirements by banks. There is need for small business loans to start-up/newly established businesses that lack the two or three years of business activities in order to qualify for bank loans. Aside from PPP loans, there are not any specific loan products on the bank side that address the impacts of COVID-19. Banks have done work on the CRA side, but mostly just investments into Community Development Financial Institutions (CDFIs), not lending. The contacts said that programs with favorable terms such as little-to-no interest and no fees would significantly help.

The information in the following table provides SC AA demographic information for 2020.

Table A – Demographic Information of the Assessment Area						
Assessment Area: SC MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,929	9.1	28.0	25.9	35.1	1.8
Population by Geography	13,154,457	8.6	28.9	26.9	35.0	0.6
Housing Units by Geography	4,541,360	7.5	25.8	26.2	40.1	0.4
Owner-Occupied Units by Geography	2,082,030	2.7	17.6	27.5	52.2	0.1
Occupied Rental Units by Geography	2,190,392	12.0	33.7	25.1	28.4	0.7
Vacant Units by Geography	268,938	8.0	24.6	24.4	42.2	0.8
Businesses by Geography	1,270,483	4.8	19.1	24.8	49.3	1.9
Farms by Geography	12,567	3.7	18.8	27.3	49.3	0.9
Family Distribution by Income Level	2,913,538	24.4	16.3	17.0	42.3	0.0
Household Distribution by Income Level	4,272,422	25.6	15.5	16.1	42.8	0.0
Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA		\$62,703	Median Housing Value			\$515,607
Median Family Income MSA - 11244 Anaheim-Santa Ana-Irvine, CA		\$86,003	Median Gross Rent			\$1,353
			Families Below Poverty Level			13.0%
<i>Source : 2015 ACS and 2020 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.</i>						

Scope of Evaluation in California

The CRA evaluation determines the bank's record of meeting community credit needs. The OCC used a combination of bank and examiner generated loan and/or demographic reports to assess the bank's CRA performance. The evaluation period for the lending test is January 1, 2018 through December 31, 2020.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN CALIFORNIA

LENDING TEST

The bank's performance under the Lending Test in California is rated Satisfactory

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews of the bank's three AAs, the bank's lending performance in the state of California is reasonable.

Distribution of Loans by Income Level of the Geography

Overall, the bank exhibits reasonable geographic distribution of loans in the state.

Small Loans to Businesses

Refer to Table Q in the state of California section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

San Diego County Assessment Area

The bank originated and purchased 3.7 percent of small loans to businesses in low-income CTs, which was lower than but near to the demographic percentage of 5.5 percent and aggregate lending of 4.9 percent, reflecting reasonable distribution. The bank originated and purchased 12.3 percent of small loans to businesses in moderate-income CTs, which was slightly lower than the 14.9 percent of businesses and 14.1 percent of aggregate lending in these CTs. This represents reasonable distribution.

Inland Empire Assessment Area

The bank originated and purchased 2.5 percent of small loans to businesses in low-income CTs, which was lower than but near to the demographic percentage of 4.3 percent and aggregate lending of 3.6 percent, reflecting reasonable distribution. The bank originated and purchased 17.5 percent of small loans to businesses in moderate-income CTs, which was lower than the 25.0 percent of businesses and 23.8 percent of aggregate lending in these CTs. This represents reasonable distribution.

Southern California Assessment Area

The bank originated and purchased 5.6 percent of small loans to businesses in low-income CTs, which exceeded both the demographic percentage of 4.8 percent and aggregate lending of 4.9 percent, reflecting excellent distribution. The bank originated and purchased 18.3 percent of small loans to businesses in moderate-income CTs, which was slightly lower than the 19.1 percent of businesses and 19.4 percent of aggregate lending in these CTs. This represents reasonable distribution.

Lending Gap Analysis

The OCC reviewed summary reports and maps and analyzed the bank's small business lending activity over the evaluation period to identify any gaps in geographic distribution of loans. The OCC did not identify any unexplained conspicuous gaps in the bank's AAs.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans to businesses of different sizes, given the product lines offered by the bank.

Small Loans to Businesses

Refer to Table R in the state of California section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

Loans purchased through the acquisitions of Americas United Bank and CalWest Bank did not have Gross Annual Revenue (GAR) data, nor did the approximately 3,120 PPP loans the bank originated in 2021. Consequently, the percentages of bank loans compared with AA demographic and aggregate percentages are extremely low and analysis would not be meaningful. As a result, we analyzed the distribution by using loan size as a proxy for revenue of the borrower.

San Diego County Assessment Area

Table R shows the 3.7 percent of loans originated by the bank to businesses with revenues less than or equal to \$1 million is significantly below the 89.1 percent of businesses and the aggregate peer data of 49.2 percent in the SD County AA and reflects very poor distribution.

However, using loan size as a proxy for revenue of the borrower, the table below shows that approximately 96.0 percent of the number of loans originated and purchased by the bank were in amounts equal to or less than \$1 million. This represents excellent distribution in the SD County AA. In addition, a substantial majority, 60.4 percent, were loans in amounts equal to or less than \$100 thousand, reflecting responsiveness to the lending needs of small businesses.

Borrower Distribution of Loans to Businesses by Loan Size in San Diego County AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	935	60.4	32,114	7.2
\$100,001 - \$250,000	269	17.4	43,916	9.8
\$250,001 - \$500,000	141	9.1	52,769	11.8
\$500,001 - \$1,000,000	140	9.1	101,481	22.7
Total	1,485	96.0	230,280	51.5
Over \$1,000,000	62	4.0	216,637	48.5

Inland Empire Assessment Area

Table R shows the 1.9 percent of loans originated by the bank to businesses with revenues less than or equal to \$1 million is significantly below the 87.9 percent of businesses and the aggregate peer data of 49.7 percent in the IE AA and reflects very poor distribution.

However, using loan size as a proxy for revenue of the borrower, the table below shows that approximately 98.9 percent of the number of loans originated and purchased by the bank were in amounts equal to or less than \$1 million. This represents excellent distribution in the IE AA. In addition, 20.4 percent were loans in amounts equal to or less than \$100 thousand, reflecting responsiveness to the lending needs of small businesses.

Borrower Distribution of Loans to Businesses by Loan Size in Inland Empire AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	305	20.4	11,070	11.8
\$100,001 - \$250,000	79	5.3	12,526	13.3
\$250,001 - \$500,000	1,060	71.1	22,152	23.6
\$500,001 - \$1,000,000	31	2.1	21,809	23.2
Total	1,475	98.9	67,557	71.9
Over \$1,000,000	16	1.1	26,361	28.1

Southern California Assessment Area

Table R shows the 2.6 percent of loans originated by the bank to businesses with revenues less than or equal to \$1 million is significantly below the 89.3 percent of businesses and the aggregate peer data of 50.8 percent in the SC AA and reflects very poor distribution.

However, using loan size as a proxy for revenue of the borrower, the table below shows that approximately 94.5 percent of the number of loans originated and purchased by the bank were in amounts equal to or less than \$1 million. This represents excellent distribution in the SC AA. In addition, a substantial majority, 62.3 percent, were loans in amounts equal to or less than \$100 thousand, reflecting responsiveness to the lending needs of small businesses.

Borrower Distribution of Loans to Businesses by Loan Size in Southern California AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	853	62.3	26,536	7.1
\$100,001 - \$250,000	232	16.9	38,071	10.2
\$250,001 - \$500,000	119	8.7	43,498	11.7
\$500,001 - \$1,000,000	91	6.6	68,184	18.3
Total	1,295	94.5	176,289	47.3
Over \$1,000,000	75	5.5	196,609	52.7

Responses to Complaints

The bank did not receive any CRA related complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of California is rated Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews of the bank's three AAs, the bank exhibits adequate responsiveness to community development needs in the AAs through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AAs.

BoSC's aggregate CD loans, investments, and donations during the evaluation period totaled \$57.1 million inside the three AAs. We qualified an additional \$11.3 million in the larger state or regional area. Most of the volume was attributed to PPP loans originated in 2020. These CD activities adequately responded to identified community needs for LMI services, economic development, and small business loans. Most CD activities were provided in SD County and SC AAs through CD loans, donations, and qualified service hours. In the IE AA, the bank's largest CD activity was a \$2.0 million CD loan that stabilized an LMI geography by retaining 97 existing jobs.

Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
San Diego County	9	36	30,246	46.1
Inland Empire	1	4	1,980	3.0
Southern California	9	36	22,153	33.7
Statewide or Regional Area	6	24	11,292	17.2
Total	25	100	65,671	100

The level of CD loans represents an adequate responsiveness to identified needs within the AAs. During the evaluation period, the bank made 19 qualified CD loans inside the AAs totaling \$54.4 million primarily in the SD County and SC AAs. A majority of the qualified loans were PPP loans to small businesses to support job retention in response to the COVID-19 pandemic. Additional CD loan examples include:

- Two Main Street Lending Program Loans to a non-profit in response to the COVID-19 pandemic.
- PPP Loan to non-profit that will stabilize the LMI geography by retaining 366 existing jobs.
- A loan to a nonprofit Certified Development Company that promotes economic development within its community by originating SBA 504 loans.
- SBA 504 loans to promote economic development by providing long-term financing for a small business.

With the bank's responsiveness to needs within the AA, we also considered statewide or regional activities that had a purpose, mandate, or function for community development. The bank originated 6 CD loans in the statewide or regional area. The majority were PPP loans for job retention of businesses located in LMI CTs, in addition to SBA 504 loans to promote economic development by providing long-term financing for a small business.

Number and Amount of Qualified Investments

Qualified Investments and Donations										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
San Diego	2	1,750	26	107	28	66.7	1,857	68.8	0	0
Inland Empire	0	0	8	50	8	19.0	50	1.9	0	0
Southern California	0	0	6	791	6	14.3	791	29.3	0	0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

BoSC demonstrated adequate responsiveness to the CD needs in its AAs. During the evaluation period, qualified investments and donations totaled \$2.7 million. These totals include prior period investments of a \$1.5 million participation in a Federal Home Loan Mortgage Corporation (FHLMC) commercial mortgage-backed securities pool and a \$250 thousand investment in a community development financial institution (CDFI) for economic development in the SD County AA. The bank made 40 current period investments/donations totaling \$948 thousand in its AAs. The qualified investments and donations included two investments in SBA loan pools, numerous donations to organizations which support children in foster care, free after school care for Title 1 schools, community services dedicated to LMI youth programs, and a school for homeless youth.

Extent to Which the Bank Provides Community Development Services

The bank’s level of CD services reflects an adequate responsiveness to identified needs within the AAs. BoSC employees contributed 354.5 hours to 12 qualified CD organizations during the evaluation period. Examples of CD services provided by bank staff include:

- BoSC facilitated a Federal Home Loan Bank (FHLB) grant in the amount of \$2,500 to a nonprofit organization that prepares and distributes meals for people experiencing hunger and homelessness.
- Serving as Board members for several nonprofit organizations that provide services for LMI individuals and families.
- Providing mock interview and financial assistance to help clients of a nonprofit organization overcome their barriers to reconnecting to the workforce.

The bank provided qualified service hours to organizations totaling 142 hours in the SD County AA and 212.5 hours in the SC AA. The bank did not provide any CD service hours in the IE AA.

Due to the economic distress caused by the COVID-19 pandemic, BoSC’s responsiveness plan included the following items to assist their customers: waiving withdrawal penalties on certificates of deposits; voluntarily waiving restrictions on money market accounts and savings withdrawals; increased the daily deposit limits for Mobile RDC; increased the cash withdrawal limits on debit cards; reviewed overdraft fees on a case by case basis, and waived non-sufficient funds (NSF) fees when there was a COVID-19 pandemic hardship; the bank does not charge its customers to use other bank ATMs and this continued during the COVID-19 pandemic; and although the bank has not yet received any requests, it is open to offering draws on HELOCs during the repayment periods based on customer request and need.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSA(s) and non-MSA(s) that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

Time Period Reviewed:	1/1/2018 to 12/31/2020	
Bank Products Reviewed:	Small business loans Community development loans, qualified investments, and services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
California		
San Diego County	Full-scope	
Inland Empire	Full-scope	
Southern California	Full-scope	

Appendix B: Summary of MMSA and State Ratings

RATINGS		Bank of Southern California	
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
Bank of Southern California	Satisfactory	Satisfactory	Satisfactory
MMSA or State:			
California	Satisfactory	Satisfactory	Satisfactory

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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, other secured consumer loans, and other unsecured consumer loans.

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

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, 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 conduct 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, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

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

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

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

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

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

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

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																		2018-2020		
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
San Diego County AA	1,499	441,700	45.4	105,095	5.5	3.7	4.9	14.9	12.3	14.1	34.8	30.2	34.5	44.6	53.7	46.4	0.2	0.1	0.1	
Inland Empire AA	473	91,171	14.3	106,938	4.3	2.5	3.6	25.0	17.5	23.8	34.5	31.5	34.3	36.1	48.4	38.2	0.1	0.0	0.1	
Southern California AA	1,331	366,541	40.3	500,712	4.8	5.6	4.9	19.1	18.3	19.4	24.8	30.1	25.3	49.3	44.8	48.8	1.9	1.3	1.6	
Total	3,303	899,412	100.0	712,745	4.9	4.3	4.7	19.3	15.5	19.3	27.9	30.3	28.0	46.6	49.3	46.8	1.4	0.5	1.1	

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data for SD and IE AAs; 08/01/2018 - 12/31/2020 Bank Data for SC AA; 2019 CRA Aggregate Data.
"--" data not available. Due to rounding, totals may not equal 100.0%.
BANK OF SOUTHERN CALIFORNIA (10000024100) excluded from Aggregate.

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues												2018-2020	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available			
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans		
San Diego County AA	1,499	441,700	45.4	105,095	89.1	3.7	49.2	4.2	9.5	6.7	86.7		
Inland Empire AA	473	91,171	14.3	106,938	87.9	1.9	49.7	4.1	5.5	8.1	92.6		
Southern California AA	1,331	366,541	40.3	500,712	89.3	2.6	50.8	4.6	4.3	6.1	93.0		
Total	3,303	899,412	100.0	712,745	89.1	3.0	50.4	4.4	6.8	6.5	90.1		

Source: 2020 D&B Data; 01/01/2018 - 12/31/2020 Bank Data for SD and IE AAs; 08/01/2018 - 12/31/2020 Bank Data for SC AA; 2019 CRA Aggregate Data.
"--" data not available. Due to rounding, totals may not equal 100.0%.
BANK OF SOUTHERN CALIFORNIA (10000024100) excluded from Aggregate.