

PUBLIC DISCLOSURE

July 24, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Merchants National Bank of Sacramento
Charter Number 11875

1015 Seventh Street
Sacramento, CA 95814

Office of the Comptroller of the Currency

One Front Street
Suite 1000
San Francisco, CA 94111

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, 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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Overall CRA Rating

The Lending Test is rated: Satisfactory.

The major factors that support this rating include:

- A substantial majority of loans are in the institution's assessment area.
- The geographic distribution of loans reflects reasonable penetration in geographies of different income levels.
- The borrower distribution of loans reflects reasonable penetration among businesses of different sizes.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout 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. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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 MA/assessment area.

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

Community Development: 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; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, 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, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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

Full 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, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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 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 income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development 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 it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

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

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

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

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

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) 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 One 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.

Description of Institution

The Merchants National Bank of Sacramento (MNB or bank) is a community bank founded in 1921 and is headquartered in Sacramento, California. MNB is a wholly owned subsidiary of Merchants Holding Company, a unit bank holding company located in Sacramento, CA.

MNB provides full service banking through its headquarters office located in downtown Sacramento. Products include full range checking and savings accounts, IRA accounts, CDs, safe deposit boxes, wire transfer services, notary service, courier service, debit cards, online banking services, and mobile banking services.

MNB maintains a branch in the Eskaton Village retirement community in Carmichael with service limited to the members of the community and offers checking and savings accounts, IRA accounts, CDs, wire transfer services, debit cards, and online banking services. The bank also maintains two other limited hours branches in Sacramento and Roseville.

The bank's last CRA examination was dated March 19, 2012, with a satisfactory rating. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of its community. As of March 31, 2017, MNB had total assets of \$215 million with \$80.3 million in loans, which represents net loans to total assets of 37.4 percent.

The following table reflects details about the bank's loan portfolio:

Table 1

The Merchants National Bank of Sacramento Loan Portfolio Composition as of March 31, 2017		
Asset Type	Amount (\$000)	% of Loan Portfolio
Permanent Mortgage Loans		
- Single Family	31,582	39.3
- Multifamily	907	1.1
- Nonresidential RE and Land	0	0
- Farm	76	0.1
Other Commercial Loans	41,007	51.0
Construction Mortgage Loans	6,446	8.0
Consumer Loans	149	0.2
Other Loans	170	0.2

Source: Consolidated Report of Condition

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated the bank's performance based on loans originated from January 1, 2015, through July 24, 2017. We focused our evaluation on the bank's primary product line, commercial loans (grouped under the title "business loans") originated during the past two and one-half years. We randomly selected 22 loans for our sample to review the bank's lending within its assessment area. We increased our sample, as necessary, to ensure we had an adequate sample of loans granted within the assessment area (AA) to review the borrower income and geographic distributions of its loans, and its overall CRA performance. The bank also voluntarily provided information about its community development activities.

While the bank offers home mortgage loans and consumer loans, the volume of these types of loans originated is too low to evaluate and therefore are not considered a primary product.

Data Integrity

We did not perform a data integrity review as part of this review. We selected a random sample of commercial loans, which are not subject to any public reporting requirements. Instead, we collected relevant revenue, location, and other data from the loan files in the sample to perform this analysis. We did not analyze residential loans, which are HMDA reportable and would otherwise be subject to data integrity review, as part of a CRA review. The bank's production volume of residential real estate loans was not sufficient to provide any statistically significant conclusions.

Selection of Areas for Full-Scope Review

MNB is located in Sacramento County, which is the largest part of the Sacramento-Arden-Arcade-Roseville MSA. The bank's assessment area is limited to just Sacramento county.

We chose to exclude the limited hour branch operations in Roseville (Placer County), which are limited to two days per month for two hours each day. There are four deposit accounts to three customers with total balances of \$81.5 thousand representing an immaterial percentage of total deposits below one percent at this branch. The branch is

an extension of the Eskaton Village branch in Carmichael. Including Placer County in the AA had no impact on lending in the AA, or borrower distribution, but improved geographic distribution. Given the lack of business lending in Placer County, the inclusion of Placer County in the AA skews assessment area results and does not accurately reflect the bank's performance or involvement in that community.

Ratings

The bank's overall rating is based on a full-scope review of performance in its single AA of Sacramento County.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §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 assessment area 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 Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices.

The OCC will consider any evidence of discriminatory or other illegal credit practices relative to this institution that other regulators may provide to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information provided concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the Lending Test is rated "Satisfactory." Based on a full-scope review, the bank's performance in Sacramento County is reasonable.

Loan-to-Deposit Ratio

The bank's overall level of lending is reasonable given the bank's size, credit needs of the assessment area, and risk profile, with consideration given to the competitive banking environment. The bank's quarterly and average loan-to-deposit (LTD) ratios are below similarly-situated banks in the assessment area. However, the bank has made continued efforts to increase lending, which is reflected in its increasing LTD ratio. In addition, mitigating factors also include lending-related qualified investments that support community and economic development.

We analyzed the bank's quarterly LTD ratio from March 2012 through March 2017 and compared it to five similarly-situated banks. The peer banks were selected based on similar attributes such as size, number of branches, and assessment area. During this period, the bank's LTD ratio ranged from a low of 27.1 percent to a high of 41.3 percent, with an average of 34.0 percent. Over the same period, the peer group's average LTD ratio ranged from a low of 37.5 percent and high of 84.4 percent, and average of 66.7 percent. Although the bank's LTD ratio was lower than the peer group's average, the bank's LTD ratio has been trending upward in comparison to the peer group. Over the past three-year period, the bank's LTD ratio has been increasing from 32.1 percent during the first quarter of 2014 to 41.3 percent during the same quarter in 2017. In contrast, the trend in the average LTD ratio for the peer group has been decreasing over the same period from 67.2 percent dropping to 62.6 percent. This three-year trend analysis demonstrates the bank's efforts to lend within its competitive market.

Contributing factors to the bank's low LTD ratio include the bank's conservative risk profile, strategic focus, and market competition for loans within the AA. Historically, the bank has maintained very high credit standards, which have resulted in lower than average loan production. In addition, the bank's strategic focus has been on portfolio lending and investments, which has reduced liquidity for making additional loans. As of June 30, 2017, the bank's investment portfolio was \$121 million, which represents 55.8 percent of total assets. Furthermore, market competition within the AA is high as there are 98 large bank lenders in addition to a multitude of smaller lenders in the Sacramento County area, which lend to small businesses. The bank competes with

national large bank lenders, such as Wells Fargo, Citibank, Chase Bank, and US Bank, who dominate in market share.

While the bank's conservative lending practices and market competition hinder the bank's ability to extend credit in the community, the bank has made great efforts to improve its LTD ratio and has invested in CRA beneficial investments. As of year-end 2016, the bank had grown its total loan portfolio by 42.2 percent from year-end 2014 while deposits remained stable over the period. Loan growth, rather than deposit runoff, contributed to the bank's improved LTD ratio. The redeployment of bank liquidity into loans, despite deposits remaining relatively unchanged, is reflective of management's efforts to extend credit. In addition, as of June 30, 2017, the bank's portfolio of total SBA investments was \$16.7 million, or 7.7 percent of total assets, of which \$8.0 million were specially invested in SBIC and SBAP type investments. Both SBIC and SBAP investments support economic development as they are secured by SBA 504 loans.

Lending in Assessment Area

The MNB's level of lending within the assessment area exceeds the standard for satisfactory performance. A substantial majority of MNB's business loans were originated inside of its AA. Based on our initial sample of 22 loans, 18 loans were granted in the AA. This shows that 82.0 percent of the number of loans, and 83.0 percent of dollar volume, are made in MNB's AA as illustrated in the following table:

Table 2

Merchants National Bank of Sacramento Combined Lending Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Small Business	18	82%	4	18%	22	17,420	83%	3,500	17%	20,920
Totals	18	82%	4	18%	22	17,420	83%	3,500	17%	20,920

Source: Initial randomly selected business loan sample

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

MNB's distribution of loans to businesses of different sizes and in different loan sizes are reasonable and meets the standard for satisfactory CRA performance. The analysis is based on the randomly selected sample of 22 business loans originated between January 1, 2015 and July 24, 2017 within Sacramento County. The following tables

show the distribution of business loans by the size of the business (Table 3) and by the loan size (Table 4). Note that businesses with annual gross revenues of \$1 million dollars or less were deemed to be small businesses.

Table 3

Borrower Distribution of Loans to Businesses in Sacramento County				
Review Period: January 1, 2015 to July 7, 2017				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	85.45%	14.55%	0%	100%
% of Bank Loans in AA by #	54.55%	45.45%	0%	100%
% of Bank Loans in AA by \$	73.87%	26.13%	0%	100%

Sources: Commercial Loan Sample and Census Data.

Twelve of the business loans in our sample, totaling \$13.8 million, were made to small businesses. Although the proportion of loans by number is significantly lower than the percentage of small businesses within the AA, the dollar volume of these loans compare reasonably to the demographic data. Further, based on 2015 aggregate data of large banks required to report small business lending, the bank's lending to small businesses is comparable to the large bank peer aggregate of 54 percent.

Table 4

Borrower Distribution of Loans to Businesses by Loan Size in Sacramento County				
Review Period: January 1, 2015 to July 7, 2017				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	7	32%	\$535	3%
\$100,001 - \$250,000	5	23%	\$925	5%
\$250,001 - \$500,000	1	5%	\$267	1%
\$500,001 - \$1,000,000	4	18%	\$3,315	18%
Over \$1,000,000	5	23%	\$13,600	73%

Source: Commercial Loan sample.

When analyzing the distribution loans to businesses based on loan size, the size of the loans ranged from small loans (under \$100 thousand) to large loans (above \$1 million). Small loans under \$100 thousand made up the largest category, representing 32 percent of the business loans made during the review period.

In addition, the bank extended credit to a variety of businesses that support affordable housing for low- and moderate-income individuals, provide services targeted to low- and moderate-income individuals, or support economic development through job creation in low- or moderate-income census tracts within Sacramento County. The bank provided a

list of business loans that support community development that were not part of our original sample. Examples of the bank's community development lending are as follows:

- In July 2015, the bank renewed credit on three loans that totaled \$688 thousand to an investor that redeveloped three properties that provide housing to low- and moderate-income individuals.
- In August 2015, the bank originated a \$2.4 million construction loan that was used to renovate and build out tenant improvements for a commercial building in a low-income census tract. These loans facilitate the expansion of tenant businesses to create additional jobs.
- In June 2016, the bank granted an \$850 thousand loan to finance a mixed-use retail and residential building located in a middle-income census tract area. The borrower estimated that the tenants would create 10 to 12 new jobs, supporting the area's economic development.
- In November 2016, the bank granted a \$416 thousand loan to develop a residential rental duplex, which provided affordable housing in a moderate-income census tract area.
- In March 2017, the bank increased and renewed a working capital line of credit to \$500 thousand for a local small business to increase operations and hire additional laborers.
- In April 2017, the bank extended a \$100 thousand line of credit to a community development organization based in Sacramento that provides consulting to communities for homeless solutions across the United States.
- In May 2017, the bank renewed a \$1.9 million construction loan to a non-profit organization that is dedicated to feeding the hungry and sheltering the homeless. The construction loan is being used to finance a new facility that will provide services and Mercy Housing in a low-income census tract area.

Geographic Distribution of Loans

MNB's geographic distribution of loans reflects reasonable dispersion throughout the AA and meets the standard for satisfactory performance. The analysis is based on the randomly selected sample of 22 business loans originated between January 1, 2015 and July 24, 2017 within Sacramento County. Table 5 on the following page shows the distribution of business loans by the percentage of small businesses located in census tracts of differing income categories.

Table 5

Geographic Distribution of Loans to Small Businesses in Sacramento County										
Census Tract Income Level	Low			Moderate			Middle		Upper	
Loan Type	% of AA Small Businesses	% of # of Bank Loans	% of # of 2015 Peer	% of AA Small Businesses	% of # of Bank Loans	% of # of 2015 Peer	% of AA Small Businesses	% of Number of Loans	% of AA Small Businesses	% of Number of Loans
Business Loan Sample	12.49	9.52	8.96	26.20	23.81	23.91	30.94	38.10	28.57	26.61

Source: Loan sample; Dun and Bradstreet data (2016). 2015 Peer Small Business Data—US and PR.

Seven of the business loans in our sample, totaling \$7.2 million, were made within low- or moderate-income census tracts. The bank’s lending within the low-income census tracts is below the demographics of small businesses in low-income tracts, and the bank’s moderate-income census tract lending is slightly below the percentage of small businesses operating in moderate-income census tracts. The bank’s lending results are comparable to the 2015 small business aggregates’ lending within low- and moderate-income census tract lending.

Responses to Complaints

The bank did not receive any complaints regarding its CRA performance during the review period.

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 metropolitan and nonmetropolitan areas 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	Lending Test (Small business loans): (01/01/2015 to 7/7/2017)	
Financial Institution	Products Reviewed	
The Merchants National Bank of Sacramento Sacramento, California	Business Loans Community Development Loans Community Development Investments	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
California Sacramento County	Full-Scope	

Appendix B: Community Profiles for Full-Scope Areas

Sacramento County

MNB's AA meets regulatory requirements and does not arbitrarily exclude low- or moderate-income individuals or geographies. The AA includes all 317 census tracts in Sacramento County, which is part of the larger Sacramento-Arden-Arcade-Roseville Metropolitan Statistical Area (MSA). According to the 2010 U.S. Census data, low- and moderate-income census tracts represented 42.9 percent of all census tracts in Sacramento County. The U.S. Census Bureau estimated the population of the AA to be 1,514,460 as of July 2016, an increase of 6.7 percent since the 2010 Census. The 2017 Federal Financial Institutions Examination Council (FFIEC) Updated Median Family Income for Sacramento County is \$69,900. The following table provides additional information about the demographics of Sacramento County.

Demographic Information for Full Scope Area: Sacramento County (2016)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	317	13.25	29.65	32.49	24.29	0.32
Population by Geography	1,465,832	12.81	28.92	34.26	23.85	0.15
Owner-Occupied Housing by Geography	289,606	6.95	24.36	35.97	32.67	0.06
Business by Geography	88,995	12.49	26.20	30.94	27.28	3.10
Farms by Geography	1,851	8.00	26.47	32.90	31.82	0.81
Family Distribution by Income Level	343,209	26.73	17.26	18.61	37.40	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	151,000	20.42	37.68	29.63	12.19	0.09
Median Family Income		71,829	Median Housing Value		249,887	
FFIEC Adjusted Median Family Income for 2017		69,900	Unemployment Rate (2010 US Census)		5.79%	
Households Below Poverty Level		16%				

Source: 2010 Census Data and 2017 FFIEC updated MFI

According to the 2010 Census, low- and moderate-income families make up 44 percent of the families residing within the County. Economic conditions have improved during the review period. According to the Bureau of Labor Statistics (BLS), the average annual unemployment rate was 5.9 percent in 2015, 5.3 percent in 2016, and is projected to further decline to 5.0 percent for 2017.

Housing in the Sacramento-Arden Arcade-Roseville MSA (Sacramento MSA) is expensive. Based on the National Association of Home Builders' (NAHB) Housing Opportunity Index (HOI), the HOI for the Sacramento MSA is 36.7 during second quarter 2017. The HOI is defined as the share of homes sold in an area that would have been affordable to a family

earning the median income. The median home sales price increased is \$385 thousand during the same period. As of 2nd quarter 2017, the MSA is ranked 212th out of 233 metropolitan areas monitored nationally.

Competition in the AA is strong and includes many financial institutions. As of June 30, 2016, the Federal Deposit Insurance Corporation's (FDIC) Summary of Deposits reported 36 FDIC-insured financial institutions, with 226 offices, operate in the AA. MNB ranks 17th in deposit market share with a market share of 0.63 percent. The five largest banks hold a total of 74.3 percent of total deposit market share in Sacramento County. The top five institutions are US Bank, Wells Fargo, Bank of America, JPMorgan Chase Bank, and MUFG Union Bank.

Three recent community contact interviews with representatives of the community identified several credit needs and possible opportunities for banks. The needs include affordable housing development, financial grants to the operating budgets of nonprofits focused on housing, and funding of non-profits focused on social rehabilitation in the Sacramento area. Current projects under development for housing or community facilities involve the use of government guarantees through the USDA. Generally, both lending and retail banking products are available in the area.