



PUBLIC DISCLOSURE

May 05, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

TomatoBank, National Association
Charter Number 23999

1420 E. Valley Boulevard
Alhambra, CA 91801

Office of the Comptroller of the Currency
Los Angeles Field Office
550 North Brand Boulevard, Suite 500
Glendale, CA 91203-1985

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.

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

The Lending Test is rated: "Satisfactory".

The Community Development Test is rated: "Satisfactory".

The following major factors support the institution's rating:

- The bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and business strategy.
- The bank originated a majority of its loans within its delineated assessment area.
- The geographic distribution of loans reflects reasonable dispersion.
- Lending among borrowers of different income levels, given the bank's product mix, reflects excellent penetration.
- The bank provided an adequate level of community development activities given performance context factors.

Scope of Examination

This examination evaluates the CRA performance of TomatoBank, N.A. (TB or bank). We used Intermediate Small Bank (ISB) CRA procedures. We performed a full-scope examination of the Los Angeles County assessment area. This process included an evaluation of CRA activities under the Lending Test criteria, as well as an evaluation of lending, investments, and services under the Community Development (CD) Test. We evaluated a random sample of commercial loans from January 1, 2012 through December 31, 2013. In addition, we considered all qualifying CD activities since the bank's prior CRA examination, from November 7, 2011 through May 5, 2014.

Description of Institution

TomatoBank N.A. opened on September 30, 2000 and is headquartered in Alhambra, California. The bank opened under the name of InterBusiness Bank N.A. and changed to the current name on August 8, 2006. TB is a wholly owned subsidiary of TFC Holding Company (TFC), a one-bank holding company.

The bank operates six full-service branches throughout the greater Los Angeles area. Branches are located in the cities of Diamond Bar, Cerritos, Industry, Alhambra, West Los Angeles, and Arcadia. The bank has not closed any branches since the last CRA examination. The six branches offer traditional deposit products to both businesses and consumers. Traditional loan products are offered to businesses. The bank does not offer consumer lending products. Branch hours of operation are comparable to other local financial institutions. Additionally, bank customers are provided 24-hour access to

their accounts via the bank’s internet banking services and ATMs. The bank offers remote deposit capture and vault services for its business customers.

As of December 31, 2013, the bank reported total assets of \$406 million, total loans of \$335 million, total deposits of \$333 million, and total equity capital of \$67 million. The following chart summarizes the loan portfolio by major product type.

Tomatobank, N.A. Outstanding Balances by Major Product Type as of December 31, 2013		
Loan Type	(\$000's)	Percent
Commercial RE	246,106	73.4%
Multifamily Residential RE	39,014	11.6%
Commercial	25,231	7.5%
Construction	16,535	5.0%
1-4 Family Residential RE	8,382	2.5%
Total	335,268	100%

There are no financial or legal factors that impede the bank’s ability to help meet the credit needs of the communities it serves. However, during much of the evaluation period, the bank operated under a Consent Order due to safety and soundness concerns that required significant time, staff effort, and financial resources to correct deficiencies. We took these factors into account when formulating our conclusions regarding the bank’s CRA performance.

The bank received a “Satisfactory” rating under the Intermediate Small Bank rating criteria at the prior CRA examination in November 2011.

DESCRIPTION OF ASSESSMENT AREA

TB has designated Los Angeles County as its assessment area (AA). The AA includes all 2,346 census tracts that make up the Los Angeles Metropolitan Division. The bank’s AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies. The following table provides demographic information for the Los Angeles County AA.

Demographic Information for Los Angeles County as of December 31, 2013						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,346	8.99	28.64	26.77	34.02	1.58
Population by Geography	9,818,605	8.01	29.43	28.26	33.92	0.39
Owner-Occupied Housing by Geography	1,552,091	2.13	16.61	28.64	52.61	0.01
Business by Geography	882,035	6.40	18.38	25.22	48.79	1.21
Farms by Geography	7,818	3.15	16.67	26.96	52.63	0.59
Family Distribution by Income Level	2,170,227	24.05	16.43	17.64	41.88	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	878,478	13.64	41.84	26.84	17.67	0.01
Median Family Income (MFI) HUD Adjusted Median Family Income for 2013		61,622 61,900	Median Housing Value Unemployment Rate (2013 Federal Reserve Economic Database)		526,439	
Households Below Poverty Level		14%			8.8%	

(*) The NA category consists of geographies that have not been assigned an Income Classification.
Source: 2010 US Census and 2013 HUD updated MFI

Los Angeles County is located in Southern California and covers 70 miles of coastline along the Pacific Ocean. The County spans over 4,000 square miles and includes San Clemente and Santa Catalina Islands. Los Angeles County has an extensive transportation network, including seaports and airports, freeway systems, mass transit systems, rail systems, and cross-country railroads. The neighboring counties include Orange to the southeast, Kern to the north, San Bernardino to the east, and Ventura to the northwest. The County holds most of the state’s principal cities encompassing the Greater Los Angeles Area.

The AA is part of the Los Angeles-Long Beach-Anaheim Metropolitan Statistical Area (MSA). There are 88 incorporated cities in Los Angeles County and many unincorporated areas. The northern half of the county is lesspopulated in inland areas; however, the southern half of the County is heavily urbanized.

Based on the 2010 U.S. Census, the updated population in the Los Angeles County AA is 9.8 million. TB helps meet community credit needs in the Los Angeles AA through its six branch offices.

The banking environment in the bank’s AA is highly competitive. The June 30, 2013 FDIC Deposit Market Share indicates that 119 institutions compete for deposits in Los

Angeles County. TB ranks 53rd and holds a deposit market share of 0.11 percent. Eighty-five percent of the deposits in the AA are held by Bank of America, N.A.; Wells Fargo, N.A.; Union Bank N.A.; JP Morgan Chase, N.A.; City National Bank; Citibank, N.A.; OneWest Bank; East West Bank; U.S. Bank, N.A.; Bank of the West; Commerce Bank; Cathay Bank; and HSBC Bank USA, N.A. The remaining competing banks hold less than 1 percent each. The banks that compete for deposits in the AA also compete for loans. In addition, there are numerous other institutions that do not collect deposits but compete for loans in the AA, making it even more difficult for banks to compete for loans than deposits.

Los Angeles County has a diverse economic base. Historically, the leading industry clusters were tourism and hospitality, professional and business services, entertainment (motion picture and TV production), wholesale distribution, and health services and biomedical. The more recent economy of Los Angeles County is largely technology driven. This sector includes bio-medical, digital information technology, and environmental technology, all of which build on the vibrant technical research capabilities in the County. The County also is the largest manufacturing center in the United States, and the seaports and airports support international trade. The Port of Los Angeles/Long Beach and the Los Angeles International Airport are two of the busiest transportation networks in the nation. The top employers are Kaiser Permanente; University of California Los Angeles; Northrop Grumman Corporation; University of Southern California; Target Corporation; Kroger Corporation; Cedars Sinai Medical Center; Bank of America Corporation; The Boeing Company; Providence Health Systems, The Home Depot, USA Inc.; Vons; Wells Fargo; Edison International; and AT&T.

The economy in the AA showed signs of improvement during the review period. Payrolls increased primarily because of a surge in hiring among the motion picture and sound recording firms. There were also modest gains by apparel makers. But layoffs in technology, manufacturing, and local government tempered gains. In April 2013, the unemployment rate dropped below 10 percent for the first time in four years. As of December 2013, the unemployment rate for Los Angeles County was 8.8 percent. This is above the 8.3 percent unemployment rate for the State of California and the 6.7 percent national unemployment rate.

We participated on a conference call with several development organizations that provide credit resources to small businesses in underserved communities in Los Angeles County. The representatives stated that high unemployment is still a major issue. Small business financing and technical assistance are a concern and still needed. Entrepreneurship is more visible in this County than in other areas of the State. Affordable housing is a challenge, and foreclosure issues remain. There are asset-building needs, including financial literacy for individuals and business owners. Lastly, workforce development programs need funding.

Conclusions with Respect to Performance Tests

The following sections of this evaluation present the data that support our conclusions

under the Lending Test and the CD Test, respectively. Also, refer to the “Institution’s CRA Rating” section of this report for summary conclusions regarding TB’s performance under each test.

LENDING TEST

TB’s performance under the CRA Lending Test is “Satisfactory”. The bank meets the standard for satisfactory performance on three tests and exceeds the standard on one test.

Loan-to-Deposit Ratio

Tomato Bank’s loan-to-deposit (LTD) ratio is reasonable given the bank’s size, financial condition, and local economic conditions, and meets the standard for satisfactory performance. We evaluated the bank’s quarterly average LTD ratio for the 11 quarters since the prior CRA examination through December 31, 2013. During this period, the bank’s LTD ratio averaged 91 percent. This ratio ranged from a quarterly low of 86 percent to a quarterly high of 98 percent during the period. The bank’s LTD ratio reasonably compares with the other banks of similar asset size in the AA. The average LTD ratio for its peer banks was 94 percent over the same period, and the ratio ranged from a quarterly low of 84 percent to a quarterly high of 111 percent. The bank’s average ratio was close to peer averages and meets the standard for satisfactory performance.

Lending in Assessment Area

TB granted a majority of the number and dollar volume of loans inside its delineated AA, and meets the standard for satisfactory performance. The bank granted 70 percent of the number of loans and approximately 74 percent of the dollar volume within its delineated AA during our evaluation period. See Table 1 for details.

Loan Type	Number of Loans					Dollars of Loans (\$000’s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial Loans	14	70	6	30	20	21,652	74	7,538	26	29,190

Source: Sample of 20 commercial loans originated from January 1, 2012 through December 31, 2013.

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

The bank’s overall distribution of loans to borrowers of different income levels reflects reasonable penetration compared to area demographics and meets the standard for satisfactory performance.

The bank’s distribution of loans to businesses of different sizes reflects reasonable penetration. The percentage of businesses with revenues of \$1 million or less within

the AA is approximately 73 percent. Based on our sample of 20 loans within the AA, the bank originated 60 percent of their loans by number and approximately 73 percent by dollar volume to these businesses. The percentages are both near the demographic comparator, which indicates the bank’s responsiveness to the needs of the businesses in the area. See table 2 for details.

Table 2 - Borrower Distribution of Loans to Businesses in Los Angeles AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Business	73.1	4.5	22.4	100%
% of Bank Loans in AA by #	60.0	35.0	5.0	100%
% of Bank Loans in AA by \$	72.9	26.7	0.4	100%

Source: 2010 U.S. Census data. Random sample of 20 commercial loan originations from January 2012 through December 2013.

Geographic Distribution of Loans

The overall geographic distribution of TB’s commercial loans reflects excellent dispersion throughout the AA compared to area demographics, and exceeds the standard for satisfactory performance. The level of the bank’s lending to businesses in low and moderate-income census tracts compares favorably to area demographics. See table 3 for details.

Table 3 - Geographic Distribution of Loans to Businesses in Los Angeles AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial Loans	6.4	10.0	18.4	30.0	25.2	20.0	48.8	40.0

Source: 2010 U.S. Census data. Random sample of 20 loan originations from January 2012 through December 2013.

Responses to Complaints

The bank has not received any complaints about its performance under the Community Reinvestment Act during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The CD Test is rated “Satisfactory”. During the evaluation period, TB has demonstrated an adequate responsiveness to the CD needs of the bank’s AA, considering its performance context and the needs and opportunities within the AA. TB’s CD activities meet the standard for satisfactory performance.

Number and Amount of Community Development Loans

CD loan activities meet the standards for satisfactory performance and reflect adequate responsiveness to the needs within the AA. The bank originated one CD loan that provides affordable housing for low-income families, two SBA 504 loans, and participated in three loans with minority-owned banks, totaling \$14.8 million. The SBA 504 loans were made under the CD Corporation program, which is designed to encourage economic development within local communities.

Number and Amount of Qualified Investments

CD investment activities meet the standards for satisfactory performance and reflect adequate responsiveness to the needs within its AA. During the evaluation period, the bank made qualified investments totaling \$5.2 million. TB continued to hold a \$3.6 million Fannie Mae Delegated Underwriting and Servicing (DUS) Bond. This was a prior investment that is still in place from the prior evaluation period. The bond qualifies for CD consideration as it benefits a Low Income Housing Tax Credit property located within the bank's AA. In addition, the bank has ten certificates of deposit with seven minority-owned banks totaling \$1.6 million. The bank also made donations totaling \$5,850 to three CD organizations.

Extent to which the Bank Provides Community Development Services

The bank's CD services program demonstrates poor responsiveness to the needs within its AA. The bank's retail banking services meet the community's needs, however the CD services program does not. The bank was unable to provide any evidence of community services during the evaluation period. A lot of management's focus was on correcting the issues in the enforcement action that was in place for the majority of the evaluation period.

The distribution of branches and service delivery systems are satisfactory and accessible to businesses and individuals of different income levels within the AA. The bank has six full-service branch locations, two of which have full service ATMs (West Los Angeles and Arcadia). Branch hours are comparable to other local financial institutions. The bank also offers internet banking services, remote deposit capture, and vault services to its customers.

Responsiveness to Community Development Needs

Considering the bank's capacity and opportunities, TB's overall CD performance demonstrates adequate responsiveness to CD needs, primarily through CD loan and investment activities.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any AA by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.