



PUBLIC DISCLOSURE

August 06, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CIT Bank, National Association
Charter Number 25079

75 North Fair Oaks Ave
Pasadena, CA 91103

Office of the Comptroller of the Currency

Midsized Bank Supervision
425 South Financial Place, Suite 2700
Chicago, IL 60605

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 following table indicates the performance level of **CIT Bank, National Association (N.A.)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	CIT Bank, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory			
Low Satisfactory	X		X
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- Lending levels reflect an adequate responsiveness to the credit needs of the Los Angeles-Long Beach combined statistical area (CSA) and a good responsiveness to the credit needs in the San Diego-Carlsbad metropolitan statistical area (MSA).
- Overall geographic distribution of home mortgage loan originations and purchases and small loans to businesses is good, with good distribution in both the Los Angeles-Long Beach CSA and the San Diego-Carlsbad MSA.
- The volume of the bank’s reportable lending within its assessment areas was adequate.
- An adequate overall distribution of home mortgage loans to low- and moderate-income borrowers.
- CIT’s Community Development (CD) lending had a neutral impact on lending performance in the AAs.
- An excellent level of qualified investments, which demonstrates excellent responsiveness.
- Delivery systems are reasonably accessible to all AAs, and community development services are adequate.
- The bank has made considerable efforts to meet the goals of its public CRA plan, and performance has been satisfactory overall, particularly in the lending and service areas.

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.

Combined Statistical Area (CSA): As defined by Office of Management and Budget, if specified criteria are met, adjacent Metropolitan and Micropolitan Statistical Areas, in various combinations, may become the components of a set of complementary areas called Combined Statistical Areas. A Combined Statistical Area may comprise two or more Metropolitan Statistical Areas, a Metropolitan Statistical Area and a Micropolitan Statistical Area, two or more Micropolitan Statistical Areas, or multiple Metropolitan and Micropolitan Statistical Areas that have social and economic ties as measured by commuting, but at lower levels than are found among counties within Metropolitan and Micropolitan Statistical Areas.

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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-

- a. Rates of poverty, unemployment, and population loss; or
- b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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 do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on 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) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

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

CIT Bank, National Association (CIT or the bank) is a full-service bank headquartered in Pasadena, California. It is a subsidiary of CIT Group, Inc., a bank holding company and financial holding company incorporated in the state of Delaware. On August 3, 2015, OneWest Bank, N.A. was acquired by CIT Group, Inc., merged with CIT Bank, and became CIT Bank, N.A. In California, the bank operates under the name OneWest Bank, a division of CIT Bank, N.A. CIT's assets doubled from \$21.8 billion at year-end 2014 to \$43.8 billion at year-end 2015 as a result of the merger.

CIT operates 70 branches in six counties in Southern California, and also generates deposits nationwide through its digital bank, *Bank on CIT*. As of December 31, 2017, CIT had total assets of \$40.7 billion, total loans of \$27.4 billion, total deposits of \$30.1 billion, and Tier One capital of \$4.8 billion.

As a condition of the merger, CIT developed and implemented a four-year CRA plan that included goals of making \$4.6 billion in residential mortgage, small business, and CD loans, and \$400 million in qualified investments in Southern California between 2016 and 2019. In June 2018, the bank revised the plan due to increased affordable housing needs in its AA, and high competition for small business lending. The bank maintained its overall commitment to lend or invest \$5.0 billion during the plan period, but increased mortgage lending goals and decreased small business lending targets. The revised plan was approved by the OCC and posted on the bank's website with a comparison of actual results versus original plan goals.

While OneWest Bank, N.A. was predominantly a nationwide home mortgage lender, the post-merger lending strategy emphasizes both home mortgage and commercial lending nationwide. Small business lending at CIT heavily emphasizes business financing and equipment leasing with a focus on smaller dollar loans granted through a digital platform, Direct Capital, plus indirect lending through numerous retail/equipment vendors, and participation in Small Business Administration (SBA) programs. The bank's loan portfolio accounted for 68.4 percent of total assets. Real estate loans comprised 47.0 percent of the loan portfolio, and consisted of single-family residential properties, commercial real estate loans, multifamily properties, and construction loans, which represented 24.0 percent, 13.8 percent, 5.3 percent, and 3.9 percent of the portfolio, respectively. Commercial and industrial loans accounted for 35.3 percent of the loan portfolio, and lease financing was 9.6 percent. Loans to non-depository financial institutions were 7.9 percent of the portfolio, and consumer, farm production, and other loans were less than 1.0 percent combined.

There are no legal, financial, or other restrictions impeding the bank's ability to help meet the credit needs of its AAs.

This is the first CRA performance evaluation for CIT. Prior to the merger, OneWest Bank received a satisfactory rating in its CRA performance evaluation dated August 2, 2015.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation covers home mortgage loans and small loans to businesses originated or purchased between July 1, 2015 and December 31, 2017. Small farm lending was not evaluated as it is not a primary loan product, there is not a significant need for this type of lending in the AAs, and the volume of originations was low. Primary loan products for purpose of this evaluation are products in which the bank originated at least 20 loans in an AA during the evaluation period. This evaluation also includes CD loans, qualified investments, and CD services for the period beginning August 3, 2015 through December 31, 2017.

Note that for the Distribution of Loans by Income Level of the Borrower, and the Distribution of Loans by Income Level of the Geography tests, our analysis covered two different periods: 2015-2016, and 2017. This is because in 2017, demographic data was updated based on the 2015 American Community Survey (ACS), which changed the income designation of some census tracts. Accordingly, lending activity from 2015-2016 was compared to demographic data as of the 2010 Census, while lending in 2017 was compared to demographic data as of 2017, (i.e., when the 2015 ACS results were published).

Selection of Areas for Full-Scope Review

We selected the Los Angeles-Long Beach CSA and the San Diego-Carlsbad MSA for full-scope reviews. Approximately 99 percent of CIT's deposits and 87 percent of its home mortgage and small business loans are in the Los Angeles-Long Beach CSA. We also selected the San Diego-Carlsbad MSA for full-scope review because this AA was not previously reviewed as full-scope (i.e., before the OneWest Bank merger).

While this analysis is based on the larger Los Angeles-Long Beach CSA, the analysis also considered (as performance context information), performance in the three MSAs and the two Metropolitan Divisions (MD) that make up the Los Angeles-Long Beach CSA. These included the Los Angeles-Long Beach-Anaheim MSA (Anaheim-Santa Ana-Irvine MD and Los Angeles-Long Beach-Glendale MD), the Oxnard-Thousand Oaks-Ventura MSA, and the Riverside-San Bernardino-Ontario MSA.

Ratings

CIT's overall rating is based primarily on those areas that received full-scope reviews. The full-scope analysis covers two AAs, however, branches, deposits, and lending in the combined AAs are almost entirely in the Los Angeles-Long Beach CSA. Therefore, the overall rating is substantially based on performance in the Los Angeles-Long Beach CSA. To conclude on CIT's overall record of performance, this evaluation assessed activities in the AAs under the Lending, Investment, and Service Tests. The ratings methodology is structured to generally emphasize the Lending Test over the Investment and the Service Tests.

The Lending Test analysis places equal weight to each loan product (home mortgage and small business). During the evaluation period, home mortgage lending represented

approximately 34 percent of the number, and 77 percent of the dollar volume of total reportable lending in the AAs. CRA reportable small business lending represented 64 percent of the number, and 12 percent of the total dollar volume of reportable lending in the AAs. While dollar volume by product is weighted more towards home mortgage lending, the number of small loans to businesses is significant and reflective of CIT's strategy to provide smaller dollar business financing, whereas its similarly-situated peers focus on commercial real estate lending.

Other

Information from eight existing community contacts, from organizations serving the Los Angeles-Long Beach CSA and the San Diego-Carlsbad MSA, was considered for this evaluation. The community contacts included community development, economic development, and government housing organizations. Challenges in both AAs included a lack of affordable housing for LMI individuals; difficult access to capital for small businesses; and a lack of financial literacy education resources for LMI individuals. The contacts stated that banks have numerous opportunities to lend, invest, and provide services in the AAs.

Opportunities for financial institutions to help address identified needs include first time homebuyer products; construction financing for affordable housing; small dollar lending and micro-loan products for businesses; provision, and/or funding of financial literacy programs and technical assistance to small businesses; and low cost products and services for the unbanked population.

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 (HUD), and the Consumer Financial Protection Bureau (CFPB), as applicable.

On February 14, 2017, a complaint was filed with HUD asserting that CIT Group, Inc., and CIT, as successor to OneWest Bank, had engaged in discriminatory residential housing lending practices from 2011 until 2017 in violation of the Fair Housing Act (FHA). The matter was settled on July 26, 2019, when HUD approved a Conciliation Agreement¹ between CIT and the complainant that resolved the allegations. CIT denied violating the FHA or engaging in any discrimination on a prohibited basis, and made various commitments in the Conciliation Agreement to expand efforts and opportunities to serve the banking and credit needs of majority-minority and low- and moderate-income neighborhoods in its AA.

The CRA performance rating was not lowered as a result of the above-mentioned complaint and settlement. We considered the nature, extent, and strength of the allegations; the extent to which the institution had policies and procedures in place to prevent the alleged practices; and the extent to which the institution has taken or has committed to take action, including voluntary corrective action resulting from self-assessment; and other relevant information.

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.

¹ See Conciliation Agreement between California Reinvestment Coalition and CIT Group, Inc., and CIT Bank, N.A. dba One West Bank, FHEO Case Number 09-17-7199-8, available at <https://www.hud.gov/sites/dfiles/FHEO/documents/19CITCRCsigned.pdf> (effective July 27, 2019 until July 26, 2022).

CIT Bank CRA Plan

In connection with the merger between OneWest Bank N.A. and CIT Bank in 2015, CIT Bank, N.A. committed to develop a CRA plan describing the actions necessary and appropriate for ensuring the bank could meet the credit needs of its AAs, particularly the needs of the Los Angeles-Long Beach-Glendale MD, including but not limited to: (i) affordable multifamily housing lending and investment in LMI geographies and to benefit LMI individuals; and (ii) small business lending in LMI geographies. The bank also committed to create and implement a product development committee that would focus on developing and implementing products to meet the convenience and needs of the communities the bank serves, including LMI communities. Additionally, the CRA plan described a means for assessing and demonstrating the extent to which the bank's alternative systems for delivering retail banking services could effectively provide needed retail banking services in LMI geographies or to LMI individuals. In developing the plan, the bank sought input from members of the public in its AAs that were impacted by the plan, and the plan incorporated measurable annual goals and timetables for the achievement of the bank's goals.

As part of the CRA plan, the bank also included 40 CRA service-related goals to help the bank address the service needs within its AAs.

The bank has made considerable efforts to meet the goals of the CRA plan, and performance has been satisfactory overall, particularly in the lending and service areas. There were some shortfalls in small business lending, however this was largely due to changing market conditions. Qualifying investments met plan goals based on commitments, although actual expenditures were lower due to an accounting difference between committed vs. actual amounts. This issue has since been corrected, and the bank's overall performance under the CRA Investment Test is rated "Outstanding," as described later in this evaluation.

The following comments address the bank's performance relative to the plan.

Lending Test

Lending Activity

Reportable loan data reflects that CIT met its CRA reportable lending goals in its AAs. For example, in 2017, the bank exceeded its home mortgage lending goal of \$886 million by \$1.6 million, and its small loans to businesses goal of \$99 million by \$181 thousand. In 2016, the bank exceeded its home mortgage lending goal of \$596 million by \$1.1 million, and CIT met its \$113 million target for small loans to businesses.

Distribution of Loans by Income Level of the Geography

With respect to the goals established in CIT's CRA plan, the bank met or exceeded its targets for lending within LMI geographies for each year, except for home mortgage lending in 2016. The bank set targets for single family mortgage and small business lending within LMI census tracts at a level of at least 90 percent of the peer aggregate results, and targets of 95 percent in 2016 and 97 percent in 2017 for multifamily lending in LMI census tracts.

Distribution of Loans by Income Level of the Borrower

With respect to the goals established in CIT's CRA plan, the bank met or exceeded its targets for single family lending to LMI borrowers for each year, but was significantly below targets for small businesses for each year. The bank set targets for single family mortgage lending to LMI borrowers and for lending to small businesses with revenues under \$1 million at a level of at least 90 percent of the peer aggregate results.

While the bank's CRA plan established targets for lending to small businesses relative to peer aggregate lending results, the bank's primary small business lending program is not dependent on revenue information. While it can be assumed small businesses are positively served by these products, there are no immediately available metrics to determine how many small businesses benefit or are likely to benefit from the bank's small dollar loan products. Also, when CIT first developed its CRA plan in mid-2015, they noted that there were several small business lending products not yet mature in the Southern California market, which management expected would yield new lending opportunities. Since that time, management indicated that market dynamics changed in CIT's AAs, which has hindered the bank's ability to meet its small business goals.

Community Development Lending

CD lending in 2016 and 2017 fell below the goals established in its CRA Plan. CD lending in 2016 was 51 percent of its \$207 million target, and CD lending in 2017 was 80 percent of its \$166 million target. The bank presented more CD loans for consideration in this evaluation, but due to the misclassification of certain SBA loans as CD loans, the bank's actual qualifying CD lending was lower than management anticipated.

Investment Test

As measured by commitments, the bank met its CRA plan goals for qualifying investments in both 2016 and 2017. However, actual dollars expended in 2016 were 89 percent of the bank's \$100 million target, and grants were 81 percent of the \$5 million target for that year. Investments in 2017 were 67 percent of the bank's \$100 million target, and grants were 82 percent of the \$5 million target for 2017. Management attributed the differences to an accounting interpretation which has since been adjusted.

Service Test

In addition to the lending and investment goals described above, the bank established and included 40 service-related goals in its CRA plan "To ensure the bank's services are meeting the needs of the community, including LMI individuals." Broad categories of focus included public outreach and community support; community investments, donations and grants; small business support; access to banking products; and consumer assistance and training (e.g., providing or sponsoring homebuyer assistance and credit counseling programs). During this evaluation, the OCC determined that nearly all of the bank's goals have been achieved, with the few remaining expected to be met by December 31, 2019 (the plan's end or commitment date).

Conclusions with Respect to Performance Tests

LENDING TEST

The bank's performance under the Lending Test is rated "Low Satisfactory". Based on our full-scope reviews, the bank's performance is adequate in both the Los Angeles-Long Beach CSA and the San Diego-Carlsbad MSA.

Lending Activity

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's lending activity.

Based on the data in Lending Volume Table 1 and the following performance context considerations, CIT's lending levels reflect an adequate responsiveness to the credit needs of the Los Angeles-Long Beach CSA, and a good responsiveness to the credit needs in the San Diego-Carlsbad MSA.

Market share and rankings for CIT's mortgage lending and small business lending are weaker than its deposit market share and ranking. However, there is strong competition in both AAs for deposits and loans, and large market shares are concentrated in a limited number of institutions. These conditions within both of the AAs, combined with market housing affordability issues, have created significant challenges for the bank to achieve higher volumes of loans and additional deposit growth.

Los Angeles-Long Beach CSA

Lending levels reflect adequate responsiveness to the credit needs of the Los Angeles-Long Beach CSA. CIT originated or purchased 1,516 home mortgage loans totaling \$1.5 billion, and 2,825 small business loans totaling \$220.5 million in the Los Angeles-Long Beach CSA during the 2015 through 2017 evaluation period.

The bank has a deposit market share in the Los Angeles-Long Beach CSA of 5.29 percent, resulting in a market ranking of fifth out of 139 deposit-taking institutions. The bank's market ranking places it within the fourth percentile of depository institutions. The four largest institutions, based upon deposit market share in the Los Angeles-Long Beach CSA, hold 47 percent of the market share.

For home mortgage lending, the bank has a market share of 0.09 percent and is 151st out of 1,022 lenders in the AA (15th percentile). The market is highly competitive and consists of lenders ranging from small community banks, credit unions, and mortgage companies to the largest, most globally active U.S. and foreign banks.

For small business lending, the bank has a market share of 0.17 percent and is 29th out of 244 lenders in the AA (12th percentile). The market is very competitive and consists of national and

local lenders of different sizes. The five largest lenders captured 76 percent of the AA market for small business lending.

Mortgage and small business market shares and rankings are weaker than the bank's deposit market share and ranking. Comparing the bank's percentile ranking within its respective markets is a more accurate assessment of the bank's performance relative to its competition. The bank's lending performance is more comparable to its deposit base and the level and nature of competition for both home mortgage and small business lending, with the bank in the fourth percentile for deposits compared to its position in the 15th percentile for home mortgage lending and 12th percentile for small business lending.

San Diego–Carlsbad MSA

Lending levels reflect good responsiveness to the credit needs of the San Diego-Carlsbad MSA. CIT originated or purchased 199 mortgage loans totaling \$194 million, and 456 small business loans totaling \$33 million in the AA during the 2015 through 2017 evaluation period.

In the San Diego-Carlsbad MSA, the bank's deposit market share is 0.49 percent, resulting in a market ranking of 21st out of 53 deposit-taking institutions (40th percentile). The five largest institutions, based upon market share in the San Diego-Carlsbad MSA, hold 73 percent of the deposit market share.

For home mortgage lending, the bank has a market share of 0.04 percent and is 201st out of 732 lenders in the AA (27th percentile). The market is highly competitive and consists of lenders ranging from small community banks, credit unions, and mortgage companies, to the largest, most globally active U.S. and foreign banks.

For small business lending, the bank has a market share of 0.16 percent and is ranked 34th out of 244 lenders (14th percentile). The market is very competitive and consists of national and local lenders of different sizes. The five largest lenders captured 73 percent of the market for small business lending.

Mortgage and small business market shares and rankings are weaker than the bank's deposit market share and ranking. Comparing the bank's percentile ranking within its respective markets is a more accurate assessment of the bank's performance relative to its competition. The bank's lending performance is better relative to its deposit base and the level and nature of competition in the San Diego-Carlsbad MSA, with the bank in the 40th percentile for deposits compared to its position in the 27th percentile for mortgage lending and 14th percentile for small business lending.

Distribution of Loans by Income Level of the Geography

Overall, the geographic distribution of loans is good. The geographic distribution of home mortgage loans in LMI geographies is good and the distribution of small loans to businesses is excellent.

Home Mortgage Loans

Refer to Table O in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Based on Table O in appendix C, the overall geographic distribution of the bank's home mortgage loan originations and purchases during the 2015 through 2017 evaluation period is good, with good distribution in both the Los Angeles-Long Beach CSA and the San Diego-Carlsbad MSA.

Los Angeles-Long Beach CSA

During the 2015-2016 evaluation period, the distribution of the bank's home mortgage lending in low- and moderate-income geographies is good, although the proportion of the bank's home mortgage loans was below the proportion of owner-occupied housing units in both low- and moderate-income census tracts. The proportion of the bank's home mortgage loans was near to the 2016 aggregate in low-income census tracts, but was below the aggregate in moderate-income CTs. CIT's performance in 2017 was significantly stronger. The proportion of the bank's home mortgage loans substantially exceeded the proportion of owner-occupied housing units, and the 2017 aggregate in both low- and moderate-income CTs, and was excellent.

To ensure that particularly stronger or weaker performance in one or more of the MSAs within the larger Los Angeles-Long Beach CSA was not overlooked, the OCC also reviewed the bank's performance at the MSA/MD levels. Specifically, geographic distribution of home mortgage loans is similar to performance at the CSA level for both the 2015-2016 and the 2017 review periods.

San Diego-Carlsbad MSA

During the 2015-2016 evaluation period, the distribution of the bank's home mortgage lending in low- and moderate-income geographies is good. The proportion of the bank's home mortgage loans exceeded the proportion of owner-occupied housing units in low-income CTs, but was significantly below the proportion of owner-occupied housing units in moderate-income CTs. The proportion of home mortgage loans exceeded the 2016 aggregate in low-income CTs, but was significantly below the aggregate in moderate-income CTs. The bank's performance in 2017 was significantly stronger. The proportion of the bank's home mortgage loans exceeded the proportion of owner-occupied housing units and the 2017 aggregate in both low- and moderate-income CTs and was excellent.

Small Loans to Businesses

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Based on the data in Table 6 in appendix C, the overall geographic distribution of the bank's origination/purchase of small loans to businesses during the 2015 through 2017 evaluation period is excellent, with excellent distribution in the Los Angeles-Long Beach CSA and good distribution in the San Diego-Carlsbad MSA.

Los Angeles-Long Beach CSA

During the 2015-2016 evaluation period, the distribution of the bank's small loans to businesses in low- and moderate-income geographies is excellent. The proportion of small loans to businesses exceeded the proportion of businesses in both low- and moderate-income CTs. The bank's performance in 2017 is similar, as the proportion of the bank's loans was near to the proportion of small loans to businesses in low-income CTs and exceeded the proportion of businesses in moderate-income CTs. In addition, the proportion of the bank's small loans to businesses exceeded the 2016 aggregate in both low- and moderate-income CTs.

To ensure that particularly stronger or weaker performance in one or more of the MSAs within the larger Los Angeles-Long Beach CSA was not overlooked, the OCC also reviewed the bank's performance at the MSA/MD levels. Geographic distribution of small loans to businesses is similar to performance at the CSA level for both the 2015-2016 and the 2017 review periods, with one exception. During the 2017 review period, the geographic distribution of small loans to businesses in low-income CTs in the Riverside-San Bernardino-Ontario MSA is weaker, but does not impact the overall excellent distribution.

San Diego-Carlsbad MSA

During the 2015-2016 evaluation period, the distribution of the bank's small loans to businesses in low- and moderate-income geographies is good. Although the proportion of small loans to businesses was below the proportion of businesses in low-income CTs, the proportion of small loans to businesses exceeded the proportion of businesses in moderate-income CTs. In addition, the proportion of loans was near to the 2016 aggregate in low-income CTs and exceeded the aggregate in moderate-income CTs. The bank's performance in 2017 mirrors 2015-2016 performance.

Lending Gap Analysis

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

Inside/Outside Ratio

Refer to Table D in appendix C for the facts and data used to evaluate the bank's lending inside and outside of its AAs.

During the evaluation period, the bank originated an adequate percentage of reportable loan products in its AAs. Based on number of loans, CIT originated or purchased 68 percent of home mortgage loans and nearly seven percent of small loans to businesses in its AAs during the evaluation period. Based on the dollar volume of loans, CIT originated or purchased 61 percent of home mortgage loans and 10 percent of small loans to businesses in the bank's AAs during the evaluation period. CIT's home mortgage loan purchases and originations within its AAs were particularly strong in 2017. Based on number of loans, CIT originated/purchased

78 percent of home mortgage loans in its AAs in 2017, versus an average of approximately 59 percent in 2015-2016.

While the substantial majority of CIT's small business lending was originated or purchased outside the bank's AAs, this is attributed to several factors. One factor is the bank has a nationwide small ticket / micro-lending platform that caters primarily to small and medium sized businesses across the country. According to management, this platform delivers critically needed smaller loans (average loan size during the evaluation period was \$77 thousand) to primarily small- and medium-sized businesses nationwide. The program does not require the borrower to provide gross annual revenue or tax returns and credit decisions are made quickly.

Distribution of Loans by Income Level of the Borrower

Overall, the distribution of lending by income level of borrower is adequate. The borrower distribution of home mortgage loans is adequate and the distribution of small loans to businesses is poor.

Home Mortgage Loans

Refer to Table P in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Based on the data in Table P and the following performance context considerations, the overall distribution of the bank's home mortgage loans to low- and moderate-income borrowers is adequate, with adequate distribution of home mortgage loans to LMI borrowers in the Los Angeles-Long Beach CSA, and poor distribution of loans to LMI borrowers in the San Diego-Carlsbad MSA.

Los Angeles-Long Beach CSA

The distribution of the bank's home mortgage lending during the 2015-2016 evaluation period is adequate when considering performance context factors. In particular, there was (and continues to be) a lack of affordable homes for sale in the AA. Based on the 2017 FFIEC adjusted median family income (AMFI), for example, the maximum mortgage loan a low-income family could afford was \$150 thousand. A moderate-income family could afford a maximum loan of \$240 thousand. Market data indicates that as of December 2017, the list price of a home in the CSA ranged from \$375 thousand to almost \$700 thousand depending on the MSA or MD. The proportion of home mortgage loans to both low- and moderate-income borrowers was significantly below the proportion of low- and moderate-income families. The proportion of home mortgage loans to low-income borrowers was near to the 2016 aggregate, and the proportion of loans to moderate-income borrowers was below the aggregate. The bank's lending performance in 2017 was weaker than 2015-2016 performance. The proportion of home mortgage loans to both low- and moderate-income borrowers was significantly below the proportion of low- and moderate-income families. Furthermore, the proportion of home mortgage loans to low-income borrowers was significantly below the 2017 aggregate. However, the proportion of home mortgage loans to moderate-income borrowers exceeded the aggregate.

To ensure that particularly stronger or weaker performance in one or more of the MSAs within the larger Los Angeles-Long Beach CSA was not overlooked, the OCC also reviewed the bank's performance at the MSA/MD levels. The 2015-2016 borrower distribution at the MSA and MD level is also similar to the borrower distribution at the CSA level. Generally, the 2017 data indicates that borrower distribution of home mortgage loans is similar to the distribution at the CSA level with one exception. Borrower distribution of home mortgage loans is weaker in the Anaheim-Santa Ana-Irvine MD level than at the CSA level in 2017.

San Diego-Carlsbad MSA

The distribution of home mortgage lending during the 2015-2016 evaluation period is poor after considering performance context factors. In particular, there was (and continues to be) a lack of affordable homes for sale in the AA. Based on the 2017 FFIEC AMFI, for example, the maximum mortgage loan a low-income family could afford in this AA was \$185 thousand. The maximum loan a moderate-income family could afford was \$295 thousand. Market data indicates that as of December 2017, the average list price was \$650 thousand. The proportion of home purchase loans to low-income borrowers was significantly below the proportion of low-income families. However, the proportion of home purchase loans to low-income borrowers met the 2016 aggregate. The bank did not originate or purchase any loans to moderate-income borrowers. CIT's lending performance during the 2017 evaluation period is similar to 2015-2016 performance. The proportion of home purchase loans to both low- and moderate-income borrowers was significantly below the proportion of low- and moderate-income families. In addition, the proportion of home purchase loans to low-income borrowers was significantly below the 2017 aggregate; and the proportion of home purchase loans to moderate-income borrowers was well below the aggregate.

Small Loans to Businesses

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

Based on the data in Table 11, the overall borrower distribution of the bank's originations and purchases of small loans to businesses by revenue is very poor, with very poor distribution in both the Los Angeles-Long Beach CSA and the San Diego-Carlsbad MSA.

Los Angeles-Long Beach CSA

The distribution of small loans to businesses by revenue during the 2015-2016 evaluation period is very poor. The proportion of small loans to businesses is significantly below both the proportion of small businesses and the 2016 aggregate. The bank's performance during the 2017 evaluation period is consistent with performance in the 2015-2016 evaluation period.

To ensure that particularly stronger or weaker performance in one or more of the MSAs within the larger Los Angeles-Long Beach CSA was not overlooked, the OCC also reviewed the bank's performance at the MSA/MD levels. The borrower distribution of small loans to

businesses at the MSA and MD level is similar to distribution at the CSA level during the 2015-2016 and the 2017 review periods, with the exception of the Oxnard-Thousand Oaks-Ventura MSA where the bank did not originate any small loans to businesses during 2017.

San Diego-Carlsbad MSA

The distribution of small loans to businesses by revenue during the 2015-2016 evaluation period is very poor. The proportion of small loans to businesses is significantly below both the proportion of small businesses and the 2016 aggregate. The bank's performance during the 2017 evaluation period is consistent with performance in 2015-2016 evaluation period.

Community Development Lending

Refer to Table 1 Lending Volume in appendix D for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

CIT's level of CD lending had a neutral impact on overall Lending Test performance. The bank reported 89 qualified CD loans totaling \$254.0 million for affordable housing for LMI individuals and families and for economic development. We also considered CD loans made to statewide organizations that have a purpose, mandate, or function to serve a broader regional area that includes the AAs.

Los Angeles–Long Beach CSA

CIT's CD lending in the Los Angeles-Long Beach CSA is adequate and had a neutral impact on lending performance in the AA. The loans are not innovative or complex, but they are responsive to CD needs in the AA. During the evaluation period, the bank originated 88 CD loans totaling \$250.7 million, representing five percent of allocated Tier One capital. The bank's lending was effective in helping address community development needs in the AA. The majority of CIT's CD lending (73 percent) supported economic development through SBA 504 loans. The remaining 27 percent supported the development and retention of affordable housing in the AA. Some examples of these loans include the following:

- A \$21.3 million loan supported 156 units of affordable housing for LMI families.
- A \$24.6 million loan supported 155 affordable housing units for LMI families.
- A \$10 million loan supported 67 affordable housing units for low-income tenants.
- A \$3.9 million loan supported 51 affordable housing units for LMI families.

San Diego–Carlsbad MSA

CIT's CD lending in the San Diego-Carlsbad MSA is adequate and had a neutral impact on lending performance in the AA. During the evaluation period, the bank originated one CD loan totaling \$3.3 million, representing five percent of allocated Tier One capital. The CD loan supported economic development.

Outside the AAs

CIT also originated or purchased eight CD loans totaling \$14.2 million outside the AAs but within the state of California.

Product Innovation and Flexibility

The bank's small loans to businesses are flexible since they offer borrower convenience and expedited processing times. Borrowers are not required to provide gross annual revenue information or tax returns, and loans as small as \$2,000 are typically approved in less than 30 minutes.

INVESTMENT TEST

The bank's performance under the Investment Test is rated "Outstanding". This rating is based on the full-scope reviews of the bank's performance in the Los Angeles-Long Beach CSA and San Diego-Carlsbad MSA. Investments in the broader statewide or regional area that included the bank's assessment area further supported this conclusion. In total, the bank's investments totaled 7.75 percent of Tier One capital.

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

Los Angeles-Long Beach CSA

Overall, the bank's investments in the Los Angeles-Long Beach CSA demonstrate excellent responsiveness to community development needs including affordable housing, economic development, and community services. These investments consist of 31 investments totaling \$153.9 million and commitments to fund an additional \$8.2 million during the evaluation period; 138 grants totaling \$12.8 million; and 55 prior period investments totaling \$130.4 million. Over 90 percent of the investments went to support affordable housing, which was identified as a critical need. Examples of the types of investments made by the bank include Low Income Housing Tax Credit Funds, CRA Mutual Funds used to support affordable housing, economic development and essential community services, and Affordable Housing Preservation Funds. In total, CD investments, represented 6.4 percent of allocated Tier One capital.

Within the Los Angeles-Long Beach CSA, there are some noteworthy differences due to the vast geography of the area. The Los Angeles-Long Beach-Glendale MD is by far the largest market in terms of both population and deposits for the CSA. Competition is high for qualified investments and the bank's responsiveness provided for a good level of investment. Within the MD, the bank's investments totaled 4.32 percent of allocated Tier One capital. These investments consisted of 20 investments funded totaling \$78.5 million during the evaluation period, 108 grants totaling \$11.0 million, and 28 prior period investments totaling \$96.2 million.

For the Anaheim-Santa Ana-Irvine MD, the bank's responsiveness was excellent, and investments totaled 20.9 percent of allocated Tier One capital. In this MD, there were six investments funded and committed totaling \$23.7 million during the evaluation period, 21 grants totaling \$1.5 million, and 12 prior period investments totaling \$ 19.6 million.

For the Oxnard-Thousand Oaks-Ventura MSA, the bank's responsiveness was excellent, and investments totaled 57.07 percent of Tier One capital. In this MSA, there were five investments funded and committed totaling \$17.3 million during the evaluation period, five grants totaling \$201 thousand, and seven prior period investments totaling \$9.6 million.

For the Riverside-San Bernardino-Ontario MSA, the bank's responsiveness was excellent, and investments totaled 44.12 percent of allocated Tier One capital. In this MSA, there were eight investments funded and committed totaling \$34.4 million during the evaluation period, four grants totaling \$154 thousand, and eight prior period investments totaling \$4.9 million.

Examples of noteworthy investments include a qualified grant of \$400 thousand to the City of Los Angeles Housing and Community Investment Department that will help expand their homeownership down payment assistance and education program for low- to moderate-income homeowners in the city. CIT was one of the first banks to provide this type of investment, and the funds will support approximately 27 LMI families with the assistance needed to purchase a home. The bank also made a \$55 million investment in a fund to acquire five LIHTC projects. All of the projects provide affordable housing for low income tenants. Four of the projects provide supportive housing for formerly homeless, including one project specifically for veterans. The fifth project provides for family housing.

San Diego-Carlsbad MSA

For the San Diego-Carlsbad MSA, the bank's overall responsiveness was excellent, and investments totaled 16.43 percent of allocated Tier One capital. The majority of the investments supported affordable housing, which is an identified critical need for low- and moderate-income households in the MSA. In this MSA, there was one investment funded totaling \$2.1 million during the evaluation period, nine grants totaling \$793 thousand, and eight prior period investments totaling \$13.9 million.

Noteworthy investments include a qualified grant in the amount of \$87.5 thousand to support small businesses in the MSA with technical assistance and education, and a \$2.1 million equity investment in a mutual fund targeted to supporting affordable housing, community services and economic development for LMI individuals in the MSA.

SERVICE TEST

The bank's performance under the Service Test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Los Angeles-Long Beach CSA and San Diego-Carlsbad MSA is adequate.

Retail Banking Services

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Los Angeles-Long Beach CSA

CIT's delivery systems are reasonably accessible to essentially all portions of the AA. The bank operates 67 branches in the Los Angeles-Long Beach CSA. The bank's distribution of branches in low-income geographies is significantly below the percentage of the population living within those geographies. The bank does not have any branches in low-income geographies. The bank's distribution of branches in moderate-income geographies (16.42 percent) is well below the percentage of the population living within those geographies. However, when considering customer data related to seven middle- and upper-income branches adjacent to moderate-income geographies within the CSA, the distribution (26.87 percent) is near to the percentage (28.50 percent) of population living in moderate-income geographies.

CIT makes adequate use of alternative delivery systems through debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options. The bank's ATMs are more accessible than branches. CIT has 73 deposit-taking ATMs within the CSA. In addition to having one ATM at each of its 67 branches, CIT has six additional stand-alone ATMs located in moderate-income geographies within the CSA. These systems provide additional delivery availability and access to banking services to both retail and business customers.

CIT's record of opening and closing of branches has improved the accessibility of its delivery systems, particularly in low- and moderate-income geographies, or to low- and moderate-income individuals. CIT closed three branches and opened three branches within the CSA during the evaluation period. CIT closed one branch located in a moderate-income geography, one branch located in a middle-income geography, and one branch located in an upper-income geography. CIT opened one branch in an upper-income geography; however, the bank opened two branches in moderate-income geographies, resulting in an increase of branches located in moderate-income geographies.

The bank's hours and services do not vary in a way that inconveniences certain portions of the CSA, particularly in low- and moderate-income geographies, or to low- and moderate-income individuals. CIT maintains standard business hours and offers traditional banking products and services at all branch locations in the CSA.

San Diego-Carlsbad MSA

CIT's delivery systems are reasonably accessible to essentially all portions of the MSA. The bank operates three branches in the San Diego-Carlsbad MSA. The bank's distribution of branches (33.33 percent) in low-income geographies exceeds the percentage (9.70 percent) of the population living within those geographies. The bank's distribution of branches in moderate-income geographies is significantly below the percentage of the population living

within those geographies. The bank does not have any branches in moderate-income geographies.

CIT makes adequate use of alternative delivery systems through debit cards and ATMs, telephone and online banking, electronic bill pay, and mobile banking options. CIT has a deposit-taking ATM at each of its three branch locations within the MSA. These systems provide additional delivery availability and access to banking services to both retail and business customers.

CIT's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. CIT closed and opened one branch in a low-income geography during the evaluation period.

The bank's hours and services do not vary in a way that inconveniences certain portions of the MSA, particularly in low- and moderate-income geographies or to low- and moderate-income individuals. CIT maintains standard business hours and offers traditional banking products and services at all branch locations in the MSA.

Community Development Services

CIT has provided an adequate level of CD services. The provision of CD services in both the Los Angeles-Long Beach CSA and San Diego-Carlsbad MSA is adequate. CD services primarily focused on supporting CD organizations that provided services targeted to low- and moderate-income geographies, or to low- and moderate-income individuals.

Los Angeles-Long Beach CSA

The bank's CD services in the Los Angeles-Long Beach CSA are adequate. During the evaluation period, 314 employees spent 3,715 hours providing assistance and expertise to 67 different CD organizations, evidencing an adequate level of activities and responsiveness to community needs. CIT representatives spent 3,267 hours conducting 67 financial educational sessions, and also provided financial literacy training that included low- and moderate-income families and individuals. These educational sessions primarily took place in local public schools and with community groups. Eleven bank employees spent 431 hours serving as board or committee members for 18 organizations that benefited low- and moderate-income individuals, provided affordable housing, or promoted economic development.

Notable examples include:

- A senior bank officer serves on the board of directors for an organization that provides quality financial educational services, career development, and enrichment opportunities to low-income children in the Los Angeles area each year.
- A senior bank officer serves on the board of directors for a local organization that provides housing assistance to homeless individuals. The organization's mission is to develop permanent supportive housing for vulnerable individuals, with additional services consisting of case management, mental health, and life skill services.

San Diego-Carlsbad MSA

The bank's CD services in the San Diego-Carlsbad MSA is adequate. During the evaluation period, three employees spent 179 hours providing assistance and expertise to three different CD organizations, evidencing an adequate level of activities and responsiveness to community needs. Two bank employees spent 169 hours serving as board or committee members for an organization that promotes economic development and lending to small businesses. A notable example includes a senior bank officer serving on the board of directors for a non-profit, small business development organization that provides lending to small businesses. The organization's mission is to provide low-interest financing to small businesses to help them expand, grow, and create jobs in the San Diego area.

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 (excludes CD Loans): Investment and Service Tests and CD Loans:	July 1, 2015 to December 31, 2017 August 3, 2015 to December 31, 2017
Financial Institution		Products Reviewed
CIT Bank, National Association (CIT or bank) Pasadena, California		HMDA Loans Small Business Loans CD Loans Qualified Investments
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Los Angeles-Long Beach CSA #348 San Diego-Carlsbad MSA #41740	Full-Scope Full-Scope	

Appendix B: Market Profiles for Full-Scope Areas

LOS ANGELES-LONG BEACH, CA CSA

CIT's assessment area (AA) in the Los Angeles-Long Beach CSA is comprised of five contiguous counties, which are Los Angeles, Orange, Riverside, San Bernardino, and Ventura. Los Angeles and Orange Counties are located in the Los Angeles-Long Beach-Anaheim MSA, which consists of the Los Angeles-Long Beach-Glendale MD (Los Angeles County) and the Anaheim-Santa Ana-Irvine MD (Orange County). Riverside and San Bernardino Counties are located in the Riverside-San Bernardino-Ontario MSA. Ventura County is in the Oxnard-Thousand Oaks-Ventura MSA. The AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income (LMI) geographies. The tables below provide a summary of demographics for the Los Angeles-Long Beach CSA.

Demographic Information for Full-Scope Area: Los Angeles-Long Beach CSA - Evaluation Period 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	3,925	8.10	28.46	28.59	33.25	1.61
Population by Geography	18,388,091	7.62	28.63	29.43	33.79	0.52
Owner-Occupied Housing by Geography	3,074,292	2.57	18.58	30.83	47.94	0.08
Businesses by Geography	1,261,217	4.96	20.60	27.74	45.15	1.55
Farms by Geography	17,090	3.79	20.62	32.57	42.48	0.54
Family Distribution by Income Level	4,090,774	23.93	16.47	17.60	42.00	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,652,771	12.82	40.37	27.96	18.73	0.12
Median Family Income	= \$66,980					
HUD Adjusted Median Family Income for 2017	= \$68,534					
Households Below the Poverty Level	= 15%					
			Median Housing Value	= \$449,452		
			Unemployment Rate	= 5.07%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2015 ACS U.S. Census and 2017 FFIEC updated MFI.

The U.S. Census Bureau (Census) estimated the population in the AA to be 18,388,091, a 5.1 percent increase since the 2010 Census. The distribution of families by income level was 23.9 percent low-income, 16.5 percent moderate-income, 17.6 percent middle-income, and 42.0 percent upper-income. According to the Census, 36.5 percent of the AA's census tracts were LMI. Approximately 15.0 percent of households in the AA were living below the poverty level. In low- and moderate-income geographies, 36.8 and 23.2 percent of households were below the poverty level, respectively.

Demographic Information for Full-Scope Area: Los Angeles-Long Beach CSA – Evaluation Period 2015-2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	3,925	7.67	28.10	30.14	32.87	1.22
Population by Geography	17,877,006	7.09	28.63	31.07	32.92	0.29
Owner-Occupied Housing by Geography	3,181,828	2.48	18.54	32.36	46.61	0.00
Businesses by Geography	1,204,521	5.59	20.69	29.32	43.45	0.96
Farms by Geography	15,977	3.96	20.82	32.54	42.32	0.37
Family Distribution by Income Level	4,014,681	23.04	16.89	18.62	41.45	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,603,209	12.00	40.52	29.89	17.58	0.00
Median Family Income HUD Adjusted Median Family Income for 2016 Households Below the Poverty Level	= \$66,240 = \$66,696 = 12%				Median Housing Value = \$490,442 Unemployment Rate = 4.41%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 U.S. Census and 2016 FFIEC updated MFI.

The U.S. Census Bureau (Census) estimated the population in the AA to be 17,877,006, a 2.2 percent increase since the 2010 Census. The distribution of families by income level was 23.0 percent low-income, 16.9 percent moderate-income, 18.6 percent middle-income, and 41.5 percent upper-income. According to the Census, 35.8 percent of the AA's census tracts were LMI. Approximately 12.0 percent of households in the AA were living below the poverty level. In low- and moderate-income geographies, 32.5 and 19.0 percent of households were below the poverty level, respectively.

Competition

The Los Angeles-Long Beach CSA is highly competitive. According to the FDIC's June 30, 2017 Deposit Market Share Report, there were 139 FDIC-insured financial institutions operating 3,144 offices, with \$594.9 billion in deposits. The top four institutions in the AA were Bank of America, N.A., Wells Fargo, N.A., JPMorgan Chase Bank, N.A., and MUFG Union Bank, N.A. The institutions controlled approximately 55.6 percent of the deposit market share, with a combined \$330.5 billion in deposits. CIT ranked fifth in the AA, with 67 branches and \$31.5 billion in deposits, or 5.29 percent of the market share.

CIT operates in a highly competitive market for mortgage and small business lending. There were 1022 HMDA-reporting mortgage lenders in 2017. The bank ranked 151, with a market share of 0.09 percent of all HMDA lending. For small business, CIT ranked 29 of 244, with a market share of 0.17 percent of all reported small business loans in 2016.

Employment and Economic Factors

Employment and economic information for each MSA, wholly contained within the Los Angeles-Long Beach CSA, is individually detailed below.

Los Angeles-Long Beach-Anaheim, CA MSA

Los Angeles-Long Beach-Glendale, CA MD

During the review period, the unemployment rate for the Los Angeles-Long Beach-Glendale MD dropped to a record low. Per the Bureau of Labor Statistics (BLS), the average annual unemployment rate decreased from 6.6 percent in 2015 to 4.7 percent in 2017. This compares to state annual averages of 6.2 percent and 4.8 percent, respectively. However, the area's average annual unemployment rates were higher than the national annual average unemployment rates of 5.3 percent for 2015, and 4.4 percent for 2017.

According to Moody's Analytics, the Los Angeles-Long Beach-Glendale MD has completed its cyclical recovery. The area has moved into the late-cycle phase of its expansion, and job growth has fallen slightly below the national average. However, growth in technology and construction jobs exceeded expectations. Additionally, above-average growth in hourly wages was supported by improvement in the quality of jobs being created. The largest industries in the area were education and health services; professional and business services; government; leisure and hospitality services; and retail trade. The top five employers included the University of California Los Angeles, Kaiser Permanente, University of Southern California, Northrop Grumman Corp., and Providence Health Systems.

Anaheim-Santa Ana-Irvine, CA MD

The Anaheim-Santa Ana-Irvine MD's unemployment rate was at a cyclical low. According to the BLS, the average annual unemployment rate for the area decreased from 4.5 percent in 2015 to 3.5 percent in 2017, which was well below the state and national annual averages for the same period.

Per Moody's Analytics, the Anaheim-Santa Ana-Irvine MD economy was well-diversified. While high-wage industry job growth stalled, expansion in education and healthcare stabilized employment growth. Additionally, the area benefitted from a highly skilled and well-educated labor force. The largest industries in the area included professional and business services; leisure and hospitality services; education and health services; government; and manufacturing. The area's top five employers were Disneyland Resort, The Walt Disney Co., University of California Irvine, St. Joseph Health, and Kaiser Permanente.

Riverside-San Bernardino-Ontario, CA MSA

The unemployment rate for the Riverside-San Bernardino-Ontario MSA dropped to a record low. Per the BLS, the average annual unemployment rate decreased from 6.6 percent in 2015 to 5.1 percent in 2017, although this was still higher than the state and national annual averages for the same period.

According to Moody's Analytics, the area entered a mid-cycle expansion and outperformed its coastal neighbors. Due to comparatively lower commercial rent rates in this area, the Riverside-San Bernardino-Ontario MSA economy grew logistically faster than any other large economy since 2010. Wage and salary income rose on par with the state, but above national performance. Job growth slowed due to weaker employment performance in the construction and healthcare sectors. The area's largest industries were government; education and health services; retail trade; leisure and hospitality services; and professional and business services. The MSA's top five employers included Stater Brothers Markets, Arrowhead Regional Medical Center, U.S. Marine Corps. Air Ground Combat Center, Fort Irwin, and Wal-Mart Stores, Inc.

Oxnard-Thousand Oaks-Ventura, CA MSA

During the review period, the Oxnard-Thousand Oaks-Ventura MSA's unemployment rate dropped to a record low. According to the BLS, the average annual unemployment rate for the area decreased from 5.6 percent in 2015 to 4.5 percent in 2017. This was below the state annual averages and slightly higher than the national annual averages, for the same period.

Per Moody's Analytics, the MSA's economic expansion was decelerating. Job growth fell short of the state average. While average hourly wages were at a record high, wage and salary income growth fell short of state and national averages. The area's largest industries included government; education and health services; retail trade; leisure and hospitality services; and professional and business services. The top five employers in the area were Ventura Naval Base, Amgen Inc., Bank of America, WellPoint Health Networks Inc., and Ventura County Health Care Agency.

Housing

The Census' 5-Year (2012-2016) American Community Survey (ACS) estimated affordability ratios of 8.02, 7.48, 4.77, 4.70, and 6.13 in Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties, respectively. The affordability ratio for California is 6.42. The affordability ratio measures homeownership opportunity by dividing the median value of owner-occupied housing by the median household income of the area. The ACS indicated homeownership in Los Angeles, Orange, Riverside, San Bernardino, and Ventura Counties were 45.7 percent, 57.2 percent, 64.5 percent, 59.1 percent, 63.4 percent, respectively, compared to the state level of 54.1 percent.

The median home values in the AA's low- and moderate-income tracts were \$246,378 and \$294,115, respectively. The Census reported 48.4 percent of the total housing units in the AA as owner-occupied, with rental-occupied units at 43.8 percent and vacant units at 7.8 percent. Owner-occupied housing in LMI geographies in the AA represented 21.2 percent of the total owner-occupied housing units. LMI geographies in the AA had much higher levels of rentals than middle- and upper-income geographies. Rental units accounted for 74.1 percent of the housing units in low-income geographies, and 57.9 percent of the housing units in moderate-income geographies.

Community Contacts

Information from six existing community contacts for organizations serving the Los Angeles-Long Beach CSA was considered for this evaluation. The community contacts included community development, economic development, and government housing organizations. According to these contacts, challenges in the area included limited homeownership opportunities and lack of affordable housing for LMI individuals; a rise in homelessness; difficult access to capital for small businesses; a lack of financial literacy education for LMI individuals; and a high number of unbanked individuals in parts of the AA. The contacts stated that banks have numerous opportunities to lend, invest, and provide services in the community.

Opportunities for financial institution participation include:

- Creating and marketing first time homebuyer products;
- Providing loans and investments in affordable housing programs;
- Offering or funding small dollar lending and micro-loan products;
- Providing technical assistance to small businesses;
- Offering small business loans for entrepreneurs;
- Funding or offering financial literacy programs; and
- Providing low-cost products and services geared toward the unbanked population.

SAN DIEGO-CARLSBAD, CA MSA

CIT's AA in the San Diego-Carlsbad MSA consists of San Diego County, which wholly constitutes the MSA. The AA meets the requirements of the regulation and does not arbitrarily exclude LMI geographies. The tables below provide a summary of demographics for the San Diego-Carlsbad MSA.

Demographic Information for Full-Scope Area: San Diego-Carlsbad MSA - Evaluation Period 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	628	9.71	22.61	32.48	34.08	1.11
Population by Geography	3,223,096	8.89	23.56	32.53	34.69	0.33
Owner-Occupied Housing by Geography	579,079	2.79	15.14	35.45	46.62	0.00
Businesses by Geography	253,037	5.44	15.07	35.08	44.23	0.18
Farms by Geography	5,009	3.51	17.65	38.59	40.23	0.02
Family Distribution by Income Level	731,328	23.58	16.93	17.82	41.67	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	296,266	15.50	33.13	30.67	20.70	0.00
Median Family Income	= \$75,179					
HUD Adjusted Median Family Income for 2017	= \$79,300					
Households Below the Poverty Level	= 13%					
				Median Housing Value	= \$458,248	
				Unemployment Rate	= 4.32%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2015 ACS U.S. Census and 2017 FFIEC updated MFI.

The U.S. Census Bureau (Census) estimated the population in the AA to be 3,223,096. According to Moody's Analytics, the area's population growth slowed for the third consecutive year in 2017, and now trails the national average. The distribution of families by income level was 23.6 percent low-income, 16.9 percent moderate-income, 17.8 percent middle-income, and 41.7 percent upper-income. According to the Census, 32.3 percent of the AA's census tracts were LMI. Approximately 13.0 percent of households in the AA were living below the poverty level. In low- and moderate-income geographies, 31.8 and 18.1 percent of households were below the poverty level, respectively.

Demographic Information for Full-Scope Area: San Diego-Carlsbad MSA - Evaluation Period 2015-2016						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	628	10.03	21.34	36.15	31.53	0.96
Population by Geography	3,095,313	9.80	21.57	35.24	33.05	0.33
Owner-Occupied Housing by Geography	593,945	3.31	14.32	38.78	43.59	0.00

Businesses by Geography	245,710	5.75	15.53	35.22	43.35	0.16
Farms by Geography	4,775	3.96	15.96	38.81	41.28	0.00
Family Distribution by Income Level	703,747	22.36	17.55	18.75	41.34	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	280,889	16.43	31.05	33.90	18.62	0.00
Median Family Income	= \$73,560					
HUD Adjusted Median Family Income for 2016	= \$73,500			Median Housing Value	= \$496,417	
Households Below the Poverty Level	= 11%			Unemployment Rate	= 3.78%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2015 ACS U.S. Census and 2016 FFIEC updated MFI.

The U.S. Census Bureau (Census) estimated the population in the AA to be 3,095,313. The distribution of families by income level was 22.3 percent low-income, 17.6 percent moderate-income, 18.8 percent middle-income, and 41.3 percent upper-income. According to the Census, 31.4 percent of the AA's census tracts were LMI. Approximately 11.0 percent of households in the AA were living below the poverty level. In low- and moderate-income geographies, 27.2 and 15.0 percent of households were below the poverty level, respectively.

Competition

The San Diego-Carlsbad MSA is highly competitive. According to the FDIC's June 30, 2017 Deposit Market Share Report, there were 53 FDIC-insured financial institutions operating 590 offices, with \$86.1 billion in deposits. The top five institutions in the AA were Wells Fargo, N.A., Bank of America, N.A., JPMorgan Chase Bank, N.A., MUFG Union Bank, N.A., and BofI Federal Bank. These institutions controlled approximately 72.7 percent of the deposit market share, with a combined \$62.6 billion in deposits. CIT ranked 21st in the AA, with three branches and \$424.8 million in deposits, or 0.49 percent of the market share.

CIT operates in a competitive market for mortgage and small business lending. There were 732 HMDA-reporting mortgage lenders in 2017. The bank ranked 201, with a market share of 0.04 percent of all HMDA lending. For small business, CIT ranked 34 of 244, with a market share of 0.16 percent of all reported small business loans in 2016.

Employment and Economic Factors

During the review period, the unemployment rate for the San Diego-Carlsbad MSA dropped to a record low. Per the BLS the average annual unemployment rate decreased from 5.2 percent in 2015 to 4.0 percent in 2017. This was less than the state annual averages of 6.2 percent and 4.8 percent, for the same period. Additionally, the MSA's average annual unemployment rates were slightly lower than the national annual average unemployment rates of 5.3 percent for 2015, and 4.4 percent for 2017.

According to Moody's Analytics, the area was in a mid-cycle expansion. The economy was boosted due to manufacturing and professional/business services. Both industries were responsible for 70 percent of the net jobs created over the first few months of the year. Strong job gains ensured an above-average rise in wages and salaries. The largest industries in the area were government; professional and business services; education and health services;

leisure and hospitality services; and retail trade. The top five employers included the Marine Corps Base Camp Pendleton, University of California San Diego, Naval Base San Diego, Naval Base Coronado (including North Island NAS), and Sharp HealthCare.

Housing

The Census' 5-Year (2012-2016) ACS estimated an affordability ratio of 6.83 in San Diego County. The affordability ratio for California is 6.42. The affordability ratio measures homeownership opportunity by dividing the median value of owner-occupied housing by the median household income of the area. The ACS indicated home ownership in San Diego County was 52.7 percent, compared to the state at 54.1 percent.

The median home values in the AA's low- and moderate-income tracts were \$249,433 and \$274,989, respectively. The Census reported 49.0 percent of the total housing units in the AA as owner-occupied, with rental-occupied units at 43.6 percent and vacant units at 7.3 percent. Owner-occupied housing in LMI geographies in the AA represented 17.9 percent of the total owner-occupied housing units. LMI geographies in the AA had much higher levels of rentals than middle- and upper-income geographies. Rental units accounted for 74.8 percent of the housing units in low-income geographies, and 58.0 percent of the housing units in moderate-income geographies.

Community Contacts

A review of information from two existing community contacts for organizations serving the San Diego-Carlsbad MSA was conducted. According to these contacts, challenges in the area included limited affordable housing; difficult access to capital for small businesses; and a lack of financial literacy for LMI individuals. Opportunities for financial institution participation include: funding affordable housing construction projects; offering down payment and closing cost assistance for LMI individuals; providing micro-loan products and small business loans for entrepreneurs; and offering financial literacy programs.

Appendix C: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas 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 loans are treated as originations/purchases; (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables P, 11 through 12, and part of Table 13. 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. Tables are identified by both letters and numbers, which results from how they are generated in supervisory analytical systems.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table D. Lending Inside and Outside of the Assessment Area** – Presents the percentage distribution of the number and dollar amount of loans originated and purchased by the bank over the evaluation period inside and outside of the assessment area(s) by loan type.
- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each

MA/assessment area. The table also presents aggregate peer data for the years the data is available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses 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) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME		Geography: CALIFORNIA						Evaluation Period: JANUARY 1, 2017 TO DECEMBER 31, 2017				
Assessment Area (2017):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Los Angeles-Long Beach CSA	87.22	811	761,634	1,174	85,790	6	279	50	129,162	2,041	976,865	97.85
San Diego-Carlsbad MSA	12.78	134	125,999	164	13,391	0	0	1	3,311	299	142,701	2.15
National/Statewide/Regional:												
Statewide								3	5,059			

LENDING VOLUME		Geography: CALIFORNIA						Evaluation Period: JULY 1, 2015 TO DECEMBER 31, 2016				
Assessment Area (2016):	% of Rated Area Loans (#) in MA/AA ²	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans ³		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Los Angeles-Long Beach CSA	86.95	705	711,309	1,651	134,660	4	444	38	121,509	2,398	967,922	97.85
San Diego-Carlsbad MSA	13.05	65	68,074	292	19,597	3	164	0	0	360	87,835	2.15
National/Statewide/Regional:												
Statewide								5	9,113			

* Loan Data as of December 31, 2017. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 1, 2017 to December 31, 2017.

*** Deposit Data as of June 30, 2017. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

² Loan Data as of December 31, 2016. Rated area refers to either state or multi-state MA rating area

³ The evaluation period for Community Development Loans is from August 3, 2015 to December 31, 2016.

Table D - Lending Inside and Outside of the Assessment Area

Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)	
	Inside		Outside			Inside		Outside			
	#	%	#	%		\$	%	\$	%		
Home Mortgage											
2015	165	58.5	117	41.5	282	182,283	65.5	95,982	34.5	278,265	
2016	605	59.2	417	40.8	1,022	597,100	49.5	610,378	50.6	1,207,478	
2017	945	78.0	266	22.0	1,211	887,633	70.7	367,826	29.3	1,255,459	
Subtotal	1,715	68.2	800	31.8	2,515	1,667,016	60.8	1,074,186	39.2	2,741,202	
Small Business											
2015	553	7.1	7,261	92.9	7,814	41,554	9.3	403,519	90.7	445,073	
2016	1,390	7.1	18,114	92.9	19,504	112,703	10.3	978,484	89.7	1,091,187	
2017	1,338	7.0	17,722	93.0	19,060	99,181	9.7	926,106	90.3	1,025,287	
Subtotal	3,281	7.1	43,097	92.9	46,378	253,438	9.9	2,308,109	90.1	2,561,547	
Small Farm											
2015	1	10.0	9	90.0	10	45	15.2	251	84.8	296	
2016	6	7.4	75	92.6	81	563	14.3	3,384	85.7	3,947	
2017	6	7.3	76	92.7	82	279	6.5	4,021	93.5	4,300	
Subtotal	13	7.5	160	92.5	173	887	10.4	7,656	89.6	8,543	
Total	5,009	10.2	44,057	89.8	49,066	1,921,341	36.2	3,389,951	63.8	5,311,292	

Source: Evaluation Period: 7/1/2015 - 12/31/2017 Bank Data
 Due to rounding, totals may not equal 100.0

Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2017

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Los Angeles-Long Beach CSA	811	761,634	85.8	499,755	2.6	6.9	2.8	18.6	32.2	19.2	30.8	14.3	31.9	47.9	46.4	45.9
San Diego-Carlsbad MSA	134	125,999	14.2	102,759	2.8	5.2	3.5	15.1	26.1	16.4	35.5	8.2	35.7	46.6	60.4	44.3
Total	945	887,633	100.0	602,514	2.6	6.7	2.9	18.0	31.3	18.7	31.6	13.4	32.5	47.7	48.4	45.6

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2015-16

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Los Angeles-Long Beach CSA	705	711,309	91.6	647,466	2.5	2.0	2.2	18.5	12.1	16.5	32.4	14.5	32.4	46.6	71.5	48.8
San Diego-Carlsbad MSA	65	68,074	8.4	141,802	3.3	4.6	3.2	14.3	6.2	13.2	38.8	12.3	38.1	43.6	76.9	45.5
Total	770	779,383	100.0	789,268	2.6	2.2	2.4	17.9	11.6	15.9	33.4	14.3	33.5	46.1	71.9	48.2

Source: 2010 U.S Census; 07/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2017

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Los Angeles-Long Beach CSA	811	761,634	85.8	499,755	23.9	0.6	2.4	16.5	9.2	8.0	17.6	14.3	17.6	42.0	67.4	56.9
San Diego-Carlsbad MSA	134	125,999	14.2	102,759	23.6	0.7	2.4	16.9	5.2	8.6	17.8	11.2	20.3	41.7	78.4	55.2
Total	945	887,633	100.0	602,514	23.9	0.6	2.4	16.5	8.7	8.1	17.6	13.9	18.1	42.0	69.0	56.6

Source: 2015 ACS Census ; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2015-16

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Los Angeles-Long Beach CSA	705	711,309	91.6	647,466	23.0	1.8	1.9	16.9	5.8	7.3	18.6	7.4	16.7	41.5	66.8	57.3
San Diego-Carlsbad MSA	65	68,074	10.7	141,802	22.4	1.5	1.5	17.6	0.0	6.3	18.7	0.0	17.5	41.3	76.9	55.9
Total	770	779,383	100.0	789,268	22.9	1.8	1.8	17.0	5.3	7.1	18.6	6.8	16.8	41.4	67.7	57.0

Source: 2010 U.S Census ; 07/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2017			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2017 TO							
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Los Angeles-Long Beach CSA	1,151	87.60	4.96	4.87	20.60	23.98	27.74	34.93	45.15	36.23	4.67	19.04	28.89	47.40
San Diego-Carlsbad MSA	163	12.40	5.44	4.29	15.07	20.86	35.08	40.49	44.23	34.36	4.36	14.15	34.40	47.09

Geographic Distribution: SMALL LOANS TO BUSINESSES 2016			Geography: CALIFORNIA				Evaluation Period: JULY 1, 2015 TO DECEMBER 31,							
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*			
	#	% of Total**	% of Businesses ¹	% BANK Loans	% of Businesses ¹	% BANK Loans	% of Businesses ¹	% BANK Loans	% of Businesses ¹	% BANK Loans	Low	Mod	Mid	Upp
Full Review:														
Los Angeles-Long Beach CSA	1,621	84.74	5.59	6.29	20.69	25.72	29.32	32.88	43.45	35.10	4.67	19.04	28.89	47.40
San Diego-Carlsbad MSA	292	15.26	5.75	4.11	15.53	18.84	35.22	37.33	43.35	39.73	4.36	14.15	34.40	47.09

* Based on 2016 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2017).

¹ Source Data - Dun and Bradstreet (2016).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			Geography: CALIFORNIA				Evaluation Period: JANUARY 1, 2017 TO DECEMBER 31, 2017				Aggregate Lending (%) by Tract Income*			
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low	Mod	Mid	Upp
	#	% of Total**	% of Farms*	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans				
Full Review:														
Los Angeles-Long Beach CSA	6	100.00	3.79	0.00	20.62	0.00	32.57	83.33	42.48	16.67	5.43	19.83	32.78	41.96
San Diego-Carlsbad MSA	0	0.00	3.51	0.00	17.65	0.00	38.59	0.00	40.23	0.00	0.71	12.10	36.30	50.89

Geographic Distribution: SMALL LOANS TO FARMS			Geography: CALIFORNIA				Evaluation Period: JULY 1, 2015 TO DECEMBER 31, 2016				Aggregate Lending (%) by Tract Income*			
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low	Mod	Mid	Upp
	#	% of Total**	% of Farms ¹	% BANK Loans	% of Farms ¹	% BANK Loans	% of Farms ¹	% BANK Loans	% of Farms ¹	% BANK Loans				
Full Review:														
Los Angeles-Long Beach CSA	4	57.14	3.96	0.00	20.82	25.00	32.54	25.00	42.32	50.00	5.43	19.83	32.78	41.96
San Diego-Carlsbad MSA	3	42.86	3.96	0.00	15.96	33.33	38.81	0.00	41.28	66.67	0.71	12.10	36.30	50.89

* Based on 2016 Peer Small Farm Data -- US and PR

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2017).

¹ Source Data - Dun and Bradstreet (2016).

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES 31, 2017			Geography: CALIFORNIA		Evaluation Period: JANUARY 1, 2017 TO DECEMBER				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Los Angeles-Long Beach CSA	1,174	87.74	86.71	0.94	83.30	11.75	4.94	678,890	297,863
San Diego-Carlsbad MSA	164	12.26	87.59	0.61	79.88	14.63	5.49	126,610	52,639

Borrower Distribution: SMALL LOANS TO BUSINESSES 2016			Geography: CALIFORNIA		Evaluation Period: JULY 1, 2015 TO DECEMBER 31,				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses ¹	% BANK Loans ²	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Los Angeles-Long Beach CSA	1,651	84.97	86.60	2.06	76.50	18.47	5.03	678,890	297,863
San Diego-Carlsbad MSA	292	15.03	87.64	2.05	79.79	19.18	1.03	126,610	52,639

* Based on 2016 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2017).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 93.30% of small loans to businesses originated and purchased by the bank.

¹ Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2016).

² Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 92.76% of small loans to businesses originated and purchased by the bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS			Geography: CALIFORNIA		Evaluation Period: JANUARY 1, 2017 TO DECEMBER 31, 2017				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data [*]	
	#	% of Total ^{**}	% of Farms ^{***}	% BANK Loans ^{****}	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
Full Review:									
Los Angeles-Long Beach CSA	6	100.00	93.00	0.00	83.33	16.67	0.00	983	427
San Diego-Carlsbad MSA	0	0.00	94.29	0.00	0.00	0.00	0.00	292	164

Borrower Distribution: SMALL LOANS TO FARMS			Geography: CALIFORNIA		Evaluation Period: JULY 1, 2015 TO DECEMBER 31, 2016				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data [*]	
	#	% of Total ^{**}	% of Farms ¹	% BANK Loans ²	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
Full Review:									
Los Angeles-Long Beach CSA	4	57.14	92.90	0.00	50.00	25.00	25.00	983	427
San Diego-Carlsbad MSA	3	42.86	94.24	0.00	100.00	0.00	0.00	292	164

^{*} Based on 2016 Peer Small Business Data -- US and PR

^{**} Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

^{***} Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2017).

^{****} Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 100.0% of small loans to farms originated and purchased by the bank.

¹ Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2016).

² Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 100.0% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: CALIFORNIA				Evaluation Period: JULY 1, 2015 TO DECEMBER 31, 2017			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Los Angeles-Long Beach CSA	55	130,352	169	166,701	224	297,053	94.64%	8	8,283
San Diego-Carlsbad MSA	8	13,920	10	2,893	18	16,813	5.36%	0	0
National/Statewide/Regional:									
Statewide/Regional	4	32,461	9	12,666	13	45,127		2	17,912
National	4	7,782	1	1,301	5	9,083		1	3,699

* '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.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: CALIFORNIA Evaluation Period: JULY 1, 2015 TO DECEMBER 31, 2017																	
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Los Angeles-Long Beach CSA	97.85	67	95.71	0.00	16.4	23.9	59.7	3	3	0	+1	-1	0	8.1	28.5	28.6	33.2
San Diego-Carlsbad MSA	2.15	3	4.29	33.3	0.00	0.00	66.7	1	1	0	0	0	0	9.7	22.6	32.5	34.1