



## **PUBLIC DISCLOSURE**

June 24, 2024

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Liberty Bank, National Association  
Charter Number 23925

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Irvine, CA 92614

Office of the Comptroller of the Currency

San Francisco Office  
25 Jessie Street, 16<sup>th</sup> Floor  
San Francisco, CA 94105

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

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

**The lending test is rated: Satisfactory.**

The major factors that support this rating include:

- The lending test rating is based on Liberty Bank, National Association (Liberty or bank performance in the state of California).
- Liberty's loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and credit needs of its assessment areas (AAs).
- A majority of the bank's loans are inside its AA.
- The geographic distribution of loans reflects excellent distribution in low-and moderate -income areas.
- Liberty's Community Development (CD) activities demonstrate excellent responsiveness during the evaluation period and had a positive effect on the bank's rating in its AA.

### Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AAs, the bank's LTD is reasonable.

The bank's quarterly average LTD ratio for the 16 quarters since the previous Community Reinvestment Act (CRA) examination through December 31, 2023. Liberty's average LTD ratio for this period was 87.1 percent and ranged from a low of 32.3 percent to a high of 115.3 percent.

The bank's LTD ratio is comparable to the quarterly average over the same period of three similarly situated banks in the bank's AA. The average quarterly LTD ratio for these banks was 73.8 percent and ranged from a low of 57.8 percent to a high of 85.4.

Prior to 2021, the bank strategically focused on wholesale funding which caused its LTD ratio to be high. In 2021, Liberty's LTD ratio declined due to the bank reducing its equipment leasing portfolio. During the evaluation period, the bank's strategic plan and name changed after the acquisition of Liberty Bank. The bank has grown the loan portfolio and is focusing on commercial loan products.

### Lending in Assessment Area

A majority of the bank's loans are inside its AAs. In a sample of 40 loans, the bank originated and purchased 60 percent of the number of loans and 63.8 percent of the dollar volume inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Multifamily	24	60.0	16	40.0	40	43,643	63.8	24,718	36.2	68,362

*Source: Evaluation Period: 1/1/2021 - 12/31/2023 Bank Data. Due to rounding, totals may not equal 100.0.*

## Description of Institution

Liberty is a federally chartered, full-service commercial bank headquartered in Irvine, California. The institution was organized in May 2001 as California First National Bank (CFNB), for the purpose of financing equipment leases. The bank's total assets grew to more than \$800 million by 2015. By 2020, the bank shifted its strategic focus away from financing equipment leases towards business-oriented deposit and lending products. On February 26, 2021, the bank was acquired by DMG Bancshares, Inc., a bank holding company headquartered in Irvine, California. On August 12, 2022, DMG Bancshares acquired Liberty. The banks were merged and CFNB changed its name to Liberty. The bank has no subsidiary or affiliate relationships.

Liberty is an intrastate institution with its main office is in Irvine, California, in the Anaheim-Santa Ana-Irvine Metropolitan Division (MD). As a result of the 2022 acquisition, the bank operates three branches and two automated teller machines (ATMs) in northern California. One full-service branch is in South San Francisco, which is part of San Francisco County MD, in a moderate-income census tract (CT). The other two full-service branches are in the Santa Cruz-Watsonville metropolitan statistical area (MSA), each with one ATM. There is also a branch located in Boulder Creek, in a middle-income CT, the other in Felton, in an upper-income CT. During the evaluation period the main office was designated as a branch but was not open to the public. The bank anticipates the main office will be a full-service bank branch in the near future.

As of December 31, 2023, the bank reported total assets of \$559.2 million, consisting primarily of real estate loans totaling \$450.4 million, or 96.3 percent of the loan portfolio. Total deposits were \$449.8 million and tier 1 capital totaled \$68.8 million. The table below shows the composition of the loan portfolio.

<b>Liberty Bank, N.A.</b>		
<b>Loan Portfolio Summary as of 12/31/2023</b>		
<b>Loan Type</b>	<b>Amount (\$000s)</b>	<b>% of Total loans</b>
-Construction loans	\$19,331	4.1
-Single Family	\$23,691	5.1
-Nonresidential RE & Land	\$200,257	42.8
-Multifamily	\$207,165	44.3
Total RE loans	\$450,444	96.3
Commercial & other loans	\$17,414	3.7
Total Loans	\$467,858	100.0

*Source: Call Report as of 12/31/2023.*

Since the acquisition of Liberty, the bank is now a full-service commercial bank offering a variety of commercial loan products. These include commercial real estate, commercial and industrial loans, and

construction loans. The bank also offers a variety of deposit products including checking, savings, money market, certificate of deposit, retirement accounts, and ATMs.

During the evaluation period, the bank originated and purchased pools of mortgage loans. The bank did not offer consumer loan products. There are no legal, financial, or other factors impeding the bank's ability to meet the credit needs of its AA. The predecessor bank, CFNB received a "Satisfactory" rating under the wholesale bank CRA procedures at the prior CRA examination dated January 27, 2020.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

The Office of the Comptroller of the Currency (OCC) evaluated the bank's performance under the Small Bank CRA examination procedures, with an evaluation period of January 1, 2021, through December 31, 2023. Due to the census data changing during the evaluation period, examiners compared loans originated from January 1, 2021, through December 31, 2021, to 2015 American Community Survey (ACS), and loans originated from January 1, 2022, through December 31, 2023, to 2020 United States (U.S.) Census. The bank's primary lending product is Home Disclosure Act (HMDA) Loan Application Register (LAR) reportable loans for multifamily housing, both purchases and refinances.

The OCC sampled 40 multifamily loans originated and purchased during the evaluation period to calculate the inside/outside AA ratio. To perform the remaining lending tests, OCC examiners reviewed 38 multifamily loans originated or purchased inside the AA during the evaluation period. The bank is not required to report income information on multifamily housing loans for HMDA LAR data purposes. As a result, OCC examiners are unable to determine if these loans were made to LMI borrowers; therefore, the income distribution analysis would not be meaningful and was not included in the scope of this review. OCC examiners placed all weight on the bank's distribution by income level of the geography.

### **Selection of Areas for Full-Scope Review**

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

### **Ratings**

The bank's overall rating is based on performance in the State of California. Specifically, performance in the banks Los Angeles-Long Beach-Anaheim MSA AA.

Refer to the "Scope" section under each state and MMSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

## **Discriminatory or Other Illegal Credit Practices Review**

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

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

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

## State Rating

### State of California

**CRA rating for the State of California:** Satisfactory

**The Lending Test is rated:** Satisfactory

The major factors that support this rating include:

- The LTD was reasonable given the bank's size, financial condition, and assessment area.
- The bank originated a majority of loans inside its AA.
- The geographic distribution of loans reflects an excellent distribution throughout the bank's Los Angeles AA.

### Description of Institution's Operations in California

#### Los Angeles Assessment Area

Within the Los Angeles-Long Beach-Anaheim MSA there are two MDs: the Anaheim-Santa Ana-Irvine MD (Orange County) and the Los Angeles-Long Beach-Glendale MD (Los Angeles County). The Los Angeles-Long Beach-Anaheim MSA AA consists of 3,112 CTs: 178 low-income; 856 moderate-income; 926 middle-income; and 1,071 upper-income. In addition, 81 CTs did not report data and are listed as unknown. The bank's main office is located in Irvine, California, a middle-income CT.

Competition in the bank's AA during the evaluation period was strong. As of June 30, 2023, the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share report (deposit report) indicated the bank's deposits inside the Los Angeles-Long Beach-Anaheim MSA AA totaled \$241.6 million and ranked 79<sup>th</sup> in the deposit market share report with 0.03 percent of the AA's deposits. A total of 108 financial institutions, with a combined 2,030 branches in the AA competed for over \$695 billion of insured deposits. This includes three nationwide mega-banks with 1,058 branches that account for 55.37 percent of total deposit market share, representing \$385.12 billion in deposits.

#### *Anaheim-Santa Ana-Irvine, CA MD*

Per the Moody's Analytics report dated February 2024, growth into 2024 is expected to be moderate. Tourism will make slow but steady gains, and manufacturing is expected to improve. Finance will get a near-term lift but will lose out to lower-cost alternatives. The California Purchasing Managers' Composite Index posted stronger gains, with durable goods leading the growth. The largest employers include Disney Resorts, University of California, Irvine, and St. Joseph Health. For the long term, a skilled workforce and enduring tourism draws will prove advantageous. However, high mortgage rates have affected housing demand, with mortgage applications down nearly 20 percent from a year earlier, affecting mortgage lending, an above-average share of finance employment.

#### *Los Angeles-Long Beach-Glendale, CA MD*

Per the Moody's Analytics report dated February 2024, the short-term outlook reflects slower growth in the primary employment areas, including healthcare and leisure services. The largest employers include Cedars-Sinai Medical Center, Los Angeles International Airport (LAX), and the University of California, Los Angeles. The outlook for filming is expected to get worse, before improving, as the

industry resolves the writers' strike in 2023. Offsetting this decline is the increase in the number of travelers through LAX, as travel rebounds. The unemployment rate is returning close to pre-COVID levels of 4.5 percent, to 5 percent.

Examiners reviewed community contacts for Los Angeles MD completed during the evaluation period. According to a community contact for Los Angeles, the area remains unaffordable given the increase in housing prices in the past years and more innovative credit risk analysis would assist low-and-moderate income communities that need credit products. This includes fixed-interest rates for the first ten years. Additionally, they believe support for the Accessory Dwelling Unit (ADU) is an affordable housing alternative.

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: 2021 Los Angeles-Long Beach-Anaheim MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	2,929	9.1	28.0	25.9	35.1	1.8
Population by Geography	13,154,457	8.6	28.9	26.9	35.0	0.6
Housing Units by Geography	4,541,360	7.5	25.8	26.2	40.1	0.4
Owner-Occupied Units by Geography	2,082,030	2.7	17.6	27.5	52.2	0.1
Occupied Rental Units by Geography	2,190,392	12.0	33.7	25.1	28.4	0.7
Vacant Units by Geography	268,938	8.0	24.6	24.4	42.2	0.8
Businesses by Geography	1,535,471	4.9	19.3	24.7	49.3	1.9
Farms by Geography	15,120	3.8	18.3	26.8	50.3	0.9
Family Distribution by Income Level	2,913,538	24.4	16.3	17.0	42.3	0.0
Household Distribution by Income Level	4,272,422	25.6	15.5	16.1	42.8	0.0
Median Family Income MSA - 11244 Anaheim-Santa Ana-Irvine, CA		\$86,003	Median Housing Value			\$515,607
Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA		\$62,703	Median Gross Rent			\$1,353
			Families Below Poverty Level			13.0%
<i>Source: 2015 ACS and 2021 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						



<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: 2022-2023 Los Angeles-Long Beach-Anaheim MSA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	3,112	5.7	27.5	29.8	34.4	2.6
Population by Geography	13,200,998	5.2	28.3	30.9	34.4	1.1
Housing Units by Geography	4,661,034	4.8	25.4	29.8	38.7	1.3
Owner-Occupied Units by Geography	2,129,700	1.4	17.1	31.6	49.6	0.3
Occupied Rental Units by Geography	2,242,805	8.2	33.8	28.7	27.3	2.0
Vacant Units by Geography	288,529	4.4	21.4	25.3	46.4	2.4
Businesses by Geography	2,017,520	3.4	18.7	27.8	47.5	2.6
Farms by Geography	19,464	2.7	18.1	29.0	48.8	1.5
Family Distribution by Income Level	2,953,482	23.7	16.5	17.9	41.9	0.0
Household Distribution by Income Level	4,372,505	25.6	15.2	16.7	42.5	0.0
Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA		\$80,317	Median Housing Value			\$696,400
Median Family Income MSA - 11244 Anaheim-Santa Ana-Irvine, CA		\$106,451	Median Gross Rent			\$1,676
			Families Below Poverty Level			9.6%
<i>Source: 2020 U.S. Census and 2023 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

## San Francisco Assessment Area

On August 12, 2022, the bank's holding company acquired Liberty bank and expanded its assessment area to include the San Jose-San Francisco-Oakland, CA CSA. As of December 31, 2023, the bank's AA included the MSA of Los Angeles-Long Beach-Anaheim, and the San Jose-San Francisco-Oakland, CA CSA.

The bank's northern AA only included the counties of San Francisco, San Mateo, and Santa Cruz from the San Jose-San Francisco-Oakland, CA CSA. The bank's AA do not arbitrarily exclude low- or moderate-income (LMI) geographies. The San Jose-San Francisco-Oakland CSA AA consisted of 488 CTs: 36 low-income; 103 moderate-income; 151 middle-income; and 169 upper-income. In addition, 29 CTs did not report data and were listed as unknown. The bank's branches were located in South San Francisco, California, a moderate-income CT, Boulder Creek, California, a middle-income CT, and Felton, California, an upper-income CT.

For the San Francisco, San Mateo, and Santa Cruz counties as of June 30, 2023, the deposit report indicated the bank's deposits totaled \$220.7 million and ranked 27<sup>th</sup> in the deposit market share with 0.06 percent of the AA's deposits. A total of 55 financial institutions, with a combined 426 branches in the MD, competed for over \$341.1 billion of insured deposits. This includes four nationwide mega-banks with 236 branches that account for 85.8 percent of total deposit market share, representing \$292.7 billion in deposits.

**San Francisco-San Mateo-Redwood City, CA MD**

Per the Moody's Analytics report dated February 2024, as of mid-year 2023 general employment is down year-over-year, with tech job losses leading the decline. This is offset with a modest gain in healthcare, leisure and government jobs. At the end of 2022, these sectors represented more than ten percent employment for this MD. The increase in housing prices in San Francisco pulls the California averages, greater than thirty-three percent of the U.S. averages. This has adversely affected the housing affordability, following the U.S. downward trend. Separately, the rental affordability is increasing in San Francisco, and California in general.

**Santa Cruz-Watsonville, CA MSA**

Per the Moody's Analytics report dated March 2024, the general employment is not back to pre-COVID levels with unemployment at the end of 2023 reported at 5.5 percent, compared to 4.9 percent. As with much of California, the largest employers are healthcare and education including Dominican Hospital and University of California, Santa Cruz, contributing 18.5 percent of the employment picture. The next largest employment sector is leisure and hospitality, at 14.6 percent, but the salary range is only two thirds of the education and healthcare sectors for 2023. The housing prices have slightly decreased in this MSA but remain sufficiently high to affect the housing affordability. This follows the U.S. downward trend. Separately, the rental affordability is increasing in this MSA.

Examiners reviewed community contacts for San Francisco MD completed during the evaluation period. According to a community contact for San Francisco indicated that foundation funding is helpful to affordable housing development organizations. More grant funds, donations, or other foundation type of funding are needed.

**Table A – Demographic Information of the Assessment Area****Assessment Area: 2023 San Jose-San Francisco-Oakland CSA**

<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	488	7.4	21.1	30.9	34.6	5.9
Population by Geography	1,909,268	6.8	22.7	32.3	35.0	3.2
Housing Units by Geography	783,188	6.4	19.6	31.6	38.4	3.9
Owner-Occupied Units by Geography	353,476	1.7	18.2	36.3	41.9	1.8
Occupied Rental Units by Geography	368,291	10.7	21.7	28.0	33.8	5.8
Vacant Units by Geography	61,421	7.2	15.3	26.4	45.8	5.1
Businesses by Geography	284,892	5.6	14.4	27.8	42.4	9.8
Farms by Geography	3,943	5.0	14.7	30.8	44.6	4.8
Family Distribution by Income Level	415,554	24.1	16.0	17.7	42.2	0.0
Household Distribution by Income Level	721,767	27.0	14.2	16.2	42.7	0.0
Median Family Income MSA - 41884 San Francisco-San Mateo-Redwood City, CA		\$143,526	Median Housing Value			\$1,149,068
Median Family Income MSA - 42100 Santa Cruz-Watsonville, CA MSA		\$109,931	Median Gross Rent			\$2,143
			Families Below Poverty Level			4.9%

Source: 2020 U.S. Census and 2023 D&B Data

Due to rounding, totals may not equal 100.0%

(\*) The NA category consists of geographies that have not been assigned an income classification.

## **Scope of Evaluation in California**

The rating for the state of California is based on a full-scope review of the bank's Los Angeles-Long Beach-Anaheim MSA AA and a limited scope review of the San Jose-San Francisco-Oakland, CA CSA.

For 2021, the bank made a total of 18 loans due to its transition from a wholesale bank to a commercial bank. In addition, growing its loan portfolio was challenging due to the bank operating in a highly competitive environment, lending limits, and difficulty sourcing multifamily loans. OCC examiners reviewed all 18 loans.

In 2022, DMG Bancshares's acquisition of Liberty, increased the bank's AA from southern California to northern California. Specifically, Liberty's AA grew to include the San Jose-San Francisco-Oakland combined statistical area (CSA). However, due to the acquisition being later in the year, the bank's AA was evaluated solely in the Los Angeles-Long Beach-Anaheim MSA.

In 2023, examiners considered both AAs for the inside/outside AA ratio. The bank had three loans within the San Jose-San Francisco-Oakland CSA. Due to the low volume of loans, examiners were unable to perform a meaningful analysis and performed a limited scope review.

## **LENDING TEST**

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

## **Conclusions for Areas Receiving a Full-Scope Review**

Based on a full-scope review, the bank's performance in the Los Angeles-Long Beach-Anaheim MSA is excellent.

## **Distribution of Loans by Income Level of the Geography**

The bank exhibits excellent geographic distribution of loans in the State of California.

### ***Home Mortgage Loans***

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

For 2021, the geographic distribution of multifamily loans was excellent. The percentage of multifamily loans originated or purchased in both low- and moderate-income geographies exceeded both the percentage of owner occupied and the aggregate percentage of the reporting lenders. The bank originated 11.1 percent of its multifamily loans in low-income CTs which is well above both the percent of owner-occupied housing units of 2.7 percent and the 2021 HMDA aggregate of 2.6 percent. For the same time period, the bank originated 66.7 percent of loans in moderate-income CTs, which is well above both the percent of owner-occupied housing units of 17.6 percent and the 2021 HMDA aggregate of 16.0 percent.

For 2022-2023, the geographic distribution of multifamily loans was excellent. The percentage of multifamily loans originated or purchased in both low- and moderate-income geographies exceeded both the percentage of owner occupied and the aggregate percentage of all reporting lenders. The bank originated 10 percent of its multifamily loans in low-income CTs which is well above both the percent of owner-occupied housing units of 1.4 percent and the 2022-2023 HMDA aggregate of 1.8 percent. For the same time period, the bank originated 50 percent of loans in moderate-income CTs, which is well above both the percent of owner-occupied housing units of 17.1 percent and the 2022-2023 HMDA aggregate of 16.9 percent.

### Number and Amount of Community Development Loans

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

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Los Angeles-Long Beach-Anaheim MSA	60	96.0	\$61,322	96.2
San Jose-San Francisco-Oakland CSA	3	4.0	\$2,402	3.8
<b>Total</b>	<b>63</b>	<b>100.0</b>	<b>\$63,724</b>	<b>100.0</b>

Since the acquisition of Liberty in 2022, the bank's strategy shifted focus from wholesale to becoming a full-service commercial bank. During the evaluation period, the bank focused on multifamily mortgage lending and made 63 qualified CD loans inside both AAs totaling \$63.7 million. Most qualified loans were mortgages on multifamily buildings with affordable rents for LMI families, which reflects excellent responsiveness to a primary community need for affordable housing.

### Responses to Complaints

During the evaluation period, Liberty did not receive any complaints relative to the bank's CRA performance.

## COMMUNITY DEVELOPMENT

Based on a full-scope review, the bank exhibits adequate responsiveness to community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment areas. Performance related to community development activities had a positive effect on the bank's rating in the state.

Liberty made a significant amount of qualified CD investments during the evaluation period. The bank's investments were made in mortgage-back securities that provide financing for affordable housing.

### Number and Amount of Qualified Investments

Assessment Area	Qualified Investments								Unfunded Commitments**	
	Prior Period		Current Period		Total				#	\$(000's)
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$		
Los Angeles-Long Beach-Anaheim MSA	0	0	4	2,832	4	80	2,832	31.8	0	0
San Jose-San Francisco-Oakland CSA	0	0	5	6,081	5	100	6,081	68.2	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>8,913</b>	<b>9</b>	<b>100</b>	<b>8,913</b>	<b>100.0</b>	<b>0</b>	<b>0</b>

\* 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.

### Extent to Which the Bank Provides Community Development Services

Qualified CD services and donations represent a significant commitment to serving community needs. OCC examiners reviewed the donations and services from January 1, 2021, through December 31, 2023. During the review period, the bank donated \$8,500 to three institutions that primarily support low- or moderate-income individual or families. For example, the Junior Achievement of Northern California provides lessons in financial literacy, work and career readiness, and entrepreneurship.

Bank staff also provided a total of 228 service hours to seven organizations that focus on financial literacy, job training, and assistance to homeless veterans and women.

## Appendix A: Scope of Examination

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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 MSAs and non-MSAs 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”.

<b>Time Period Reviewed:</b>	01/01/2021 to 12/31/2023	
<b>Bank Products Reviewed:</b>	Multifamily loans Community development loans, qualified investments and donations, and services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
California		
Los Angeles-Long Beach-Anaheim, CA MSA	Full Scope	Los Angeles and Orange Counties
San Jose-San Francisco-Oakland, CA CSA	Limited Scope	San Francisco, San Mateo, and Santa Cruz Counties

## Appendix B: Summary of MMSA and State Ratings

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<b>RATINGS</b>	<b>Liberty Bank, National Association</b>
<b>Overall Bank:</b>	<b>Lending Test Rating</b>
Liberty Bank, National Association	Satisfactory
<b>MMSA or State:</b>	
California	Satisfactory

## Appendix C: Definitions and Common Abbreviations

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

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

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

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

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

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

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

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



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

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

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

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

**Table 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.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2021
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-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	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
2021 Los Angeles-Long Beach-Anaheim MSA	18	25,836	100.0	648,046	2.7	11.1	2.6	17.6	66.7	16.0	27.5	11.1	26.7	52.2	11.1	54.2	0.1	0	0.5
<i>Source: 2015 ACS; 01/01/2021 - 12/31/2021 Bank Data; 2021 HMDA Aggregate Data; "--" data not available.                      Due to rounding, totals may not equal 100.0%.</i>																			

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2022-23
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-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	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
2023 Los Angeles-Long Beach-Anaheim MSA	20	28,940	100.0	253,074	1.4	10.0	1.8	17.1	50.0	16.9	31.6	35.0	30.4	49.6	5.0	50.4	0.3	0	0.5
<i>Source: 2020 U.S. Census; 01/01/2022 - 12/31/2023 Bank Data; 2022 HMDA Aggregate Data; "--" data not available.                      Due to rounding, totals may not equal 100.0%.</i>																			

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.