

# **PUBLIC DISCLOSURE**

January 22, 2019

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Bank of Hemet  
Certificate Number: 21606

3715 Sunnyside Drive  
Riverside, California 92506

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
San Francisco Regional Office

25 Jessie Street at Ecker Square, Suite 2300  
San Francisco, California 94105

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Bernardino to purchase housing for LMI veterans. These loans accounted for \$11.6 million of the previous \$16.3 total CDLs at the previous evaluation. The bank’s current CD loan activity is comparable to a peer institution operating in AA.

Of the 24 CD loans, 16 loans totaling \$4.8 million were for the purpose of community services in the bank’s AA. The following table illustrates the bank’s CD lending activity by year and CD type.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
4/11/2016 - 12/31/2016	1	100	6	1,575	0	0	0	0	7	1,675
2017	1	100	7	1,853	1	40	0	0	9	1,993
2018	1	100	6	1,542	1	40	0	0	8	1,682
<b>Total</b>	<b>3</b>	<b>300</b>	<b>19</b>	<b>4,970</b>	<b>2</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>5,350</b>

*Source: Bank Records*

The following are examples of CD loans extended within its AA during the evaluation period.

- In 2016, the bank originated a \$150,000 loan to a local non-profit organization in a low-income CT. The loan purpose was to offset the organization’s receivables and provide short-term working capital. This organization serves young children with special needs, of which approximately 70 percent of the children served are LMI.
- In 2017, the bank renewed a \$315,000 working capital line of credit to a non-profit corporation in a moderate-income CT that provides services targeted to LMI individuals who are blind or visually impaired.
- In 2018, the bank renewed a \$1 million loan to a national organization that provides crime-reducing services to LMI seniors at a local 104-bed senior care facility. The bank elected to have this loan considered under the CD Test. As such, it was excluded from the Lending Test analysis.

### **Qualified Investments**

During the evaluation period, TBOH made or held 117 qualified investments totaling approximately \$14.1 million. This total includes 7 qualified equity investments of approximately \$14.0 million and 110 qualified grants and donations of \$104,000. The level of qualified investments increased by \$9.3 million, nearly triple the level during the previous evaluation. Performance is comparable to an institution operating in the AA. By dollar amount, qualified investments represent 2.0 percent of average total assets and 7.5 percent of average total investments since the previous evaluation. Of the 7 equity investments, 6 are prior period investments with a current book value of \$4.0 million. TBOH made a new equity investment for