

PUBLIC DISCLOSURE

April 13, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Plumas Bank
Certificate Number: 23275

336 West Main Street
Quincy, California 95971

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

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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.

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INSTITUTION RATING

INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING: Plumas Bank (PB) is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit and community development (CD) needs of its assessment areas (AAs), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

PB's CRA performance under the Lending Test and CD Test supports the overall rating. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. The following points summarize the bank's Lending Test and CD Test performance:

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and combined AA (CAA) credit needs.
- A substantial majority of small business loans are in the institution's CAA.
- The distribution of borrowers reflects reasonable penetration of small business loans among businesses of different revenue sizes.
- The geographic distribution of small business loans reflects reasonable dispersion throughout the CAA.
- The institution did not receive any CRA-related complaints since the previous CRA Evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Outstanding.

- The institution's CD performance demonstrates excellent responsiveness to CD needs in its CAA through CD loans, qualified investments and donations, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the institution's CAA.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated May 26, 2015, to the current evaluation dated April 13, 2018. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate PB's CRA performance. These procedures include two tests: the Lending Test and the CD Test.

The Lending Test considered the institution's performance according to the following criteria:

- Net LTD ratio
- AA concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

The CD Test considered the following factors:

- Number and dollar amount of CD loans, qualified investments, and CD services
- The responsiveness of such activities to the CD needs of the bank's AAs

Banks must achieve at least a "Satisfactory" rating under each test to obtain an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

Loan Products Reviewed

The bank's primary focus is commercial lending based on PB's business strategy. A majority of PB's loan products are commercial and commercial real estate loans. As of the December 31, 2017 Consolidated Reports of Condition and Income (Call Report), commercial and commercial real estate loans represented 51.9 percent of total loans; 1 to 4 family residential loans represented 12.1 percent; agriculture loan represented 12.1 percent; and consumer loans represented 13.3 percent of total loans.

The lending test exclusively includes small business loans, which are a portion of the commercial and commercial real estate loans originated. Small business lending has increased since the previous CRA Performance Evaluation (PE). At the previous evaluation, PB originated 129 small business loans totaling \$27.8 million in 2013, and 141 small business loans totaling \$31.6 million in 2014. At the current evaluation, PB originated 144 small business loans totaling \$23.6 million in 2016, and 194 small business loans totaling \$32.3 million in 2017. Of the universe of small business loans shown above, the bank originated 128 small business loans totaling \$19.1 million in 2016, and 178 small business loans totaling \$28.8 million in 2017 within its CAA as detailed in the following table:

Loans by Assessment Area						
	2016		2017		Total	
Assessment Area	#	\$(000)	#	\$(000)	#	\$(000)
Small Business Loans						
Non-MSA	60	7,245	77	9,234	137	16,479
Redding MSA	33	5,272	44	6,251	77	11,523
Sacramento MSA	17	1,826	25	5,117	42	6,943
Reno MSA	18	4,794	32	8,179	50	12,973
Total	128	19,137	178	28,781	306	47,918
<i>Source: Bank Records</i>						

Examiners validated the accuracy of the small business data and used the entire universe of loan originations for 2016 and 2017. Examiners compared the bank's small business lending performance in 2016 to the 2016 business demographics as reported by D&B under the 2010 U.S. Census data. In 2017, examiners compared the bank's small business lending performance to the 2017 business demographics as reported by D&B under the 2015 American Community Survey (ACS) Data.

The D&B business survey data regularly indicates that a majority of businesses in a given area are small businesses. Moreover, the D&B data is only used as an indicator of business demographics in the AAs and is considered as a benchmark for performance under the Geographic Distribution and the Borrower Profile criteria of the lending test, and therefore, should not be construed as an absolute indicator of loan demand. Since PB is not a CRA reporter, the 2016 aggregate data is referenced in the PE only to understand loan demand and competition in the bank's AAs and was not used as a direct comparison for the Geographic Distribution and the Borrower Profile analysis in this CRA PE. The 2017 aggregate small business data was not available as of the date of this PE.

Although 1 to 4 family residential mortgage loans represent 12.1 percent of the loan portfolio as of December 31, 2017, a substantial majority represents home equity lines of credit (HELOC). Of the 135 residential mortgage loans (1 to 4 family) originated in 2017, 129 were HELOC. Therefore, mortgage loans were not included for analysis in this PE.

There were 79 agriculture loans totaling \$14.5 million in 2017, and the agriculture loans represented 12.1 percent of the loan portfolio. However, examiners excluded small farm loans because the number of those loans originated in the AA, were not significant enough to make meaningful conclusions.

Consumer loans in 2017 included 1,108 originations totaling \$30.2 million. Indirect auto lending represented 886 originations totaling \$28.3 million. The bank does not collect data to analyze these consumer loans for CRA purposes, so they were excluded by examiners.

For the CD Test, PB provided data on CD loans, qualified investments, and CD services since the previous CRA Evaluation. The evaluation of CD investments only includes donations since PB did not specify other investments that benefitted the bank's CAA.

Based primarily on PB's lending and CD activities, full-scope examination procedures were used to evaluate the bank's performance in the Non-Metropolitan (Non-MSA) AA part of the state California. Full-scope examination procedures were also used in the Reno MSA AA as the bank established a branch shortly after the prior evaluation and the branch's loan originations increased 77.8 percent from 2016 to 2017. Limited-scope examination procedures were used to evaluate performance in the Redding MSA AA and the Sacramento MSA AA. Given that the majority of the institution's operations and activity during the evaluation period occurred in the Non-MSA AA, PB's performance in the state of California (specifically in the Non-MSA AA) carries the most weight in assessing the bank's overall performance.

DESCRIPTION OF INSTITUTION

Background

PB was established in 1980 as an independent, state-chartered community bank headquartered in Quincy, California. Quincy is mountain community, located in Plumas County, in northeastern California, which is about 150 miles northeast of Sacramento and about 80 miles west of Reno, Nevada. PB is a wholly owned subsidiary of Plumas Bancorp, a single, bank holding company. Shares in the holding company are publicly traded on the over-the-counter market under the stock symbol PLBC. PB reported total assets of \$744.8 million, total loans of \$488.9 million, and total deposits of \$663.0 million, as of the December 31, 2017 Call Report.

The figures noted above reflect significant growth since the bank's previous FDIC CRA PE, dated May 26, 2015. Financial information included in the 2015 evaluation was sourced from the March 31, 2015 Call Report, in which PB reported total assets of \$553.3 million, total loans of \$384.9 million, and total deposits of \$497.6 million. This growth occurred, in part, from the opening of a branch in Reno, Nevada and the acquisition of a branch in Redding, California. PB has also grown deposits from Bank of America National Association (BoFA) branch closings in the following Non-MSA counties: Plumas, Lassen, Modoc, Sierra, and Nevada. PB has no lending affiliates, and all lending activity included in this evaluation was provided directly by PB.

The institution received a "Satisfactory" rating at its previous FDIC CRA PE dated May 26, 2015, during which PB was evaluated using Intermediate Small Institution Procedures.

Operations

The bank currently operates a network of 12 full-service branches, each with an automated teller machine (ATM), which is either a drive-up or a walk-up ATM. Based on the 2015 ACS demographics, 3 of the 12 branch offices are located in moderate-income census tracts (CTs). Additionally, 5 of the 12 branches are located in middle-income distressed or underserved nonmetropolitan CTs. PB opened one branch in the Reno MSA on December 15, 2015, in a moderate-income CT. The bank also acquired a branch in the Redding MSA on July 31, 2015, in a middle-income CT. At the same time, PB closed a branch in the Redding MSA which is in a middle-income CT.

The following two tables illustrate the distribution of PB’s branches and CTs by income level among its respective AAs. The 2016 table used the 2010 U.S. Census Data and the 2017 table used the 2015 ACS Census Data.

2016 Distribution of Branches by Assessment Area & Census Tract Income Category										
Assessment Area	Total Branch Distribution		Low-Income CTs		Moderate-Income CTs		Middle-Income CTs		Upper-Income and **NA CT's	
	#	% of #	#	% of Row Total	#	% of Row Total	#	% of Row Total	#	% of Row Total
Non-MSA	7	58.3	0	0.0	3	7.3	14	17.7	9	13.9
Redding MSA	2	16.7	0	0.0	12	29.3	24	30.4	12	18.5
Sacramento MSA	2	16.7	0	0.0	2	4.9	6	7.6	2	3.1
Reno MSA	1	8.3	10	100.0	24	58.5	35	44.3	42	64.6
Total	12	100.0	10	100.0	41	100.0	79	100.0	65	100.0

Source: Bank Records and the 2010 U.S. Census Data. Percentages may not add up to 100.0 percent due to rounding
***Reno MSA was the only AA with NA CTs (5), which are included with the Upper-Income CTs*

2017 Distribution of Branches by Assessment Area & Census Tract Income Category										
Assessment Area	Total Branch Distribution		Low-Income CTs		Moderate-Income CTs		Middle-Income CTs		Upper-Income and **NA CT's	
	#	% of #	#	% of Row Total	#	% of Row Total	#	% of Row Total	#	% of Row Total
Non-MSA	7	58.3	0	0.0	3	9.1	14	16.5	9	13.2
Redding MSA	2	16.7	0	0.0	9	27.3	26	30.6	13	19.1
Sacramento MSA	2	16.7	0	0.0	1	3.0	4	4.7	5	7.4
Reno MSA	1	8.3	10	100.0	20	60.6	41	48.2	41	60.3
Total	12	100.0	10	100.0	33	100.0	85	100.0	68	100.0

Source: Bank Records and the 2015 ACS Census Data. Percentages may not add up to 100.0 percent due to rounding
***Reno MSA was the only AA with NA CTs (7), which are included with the Upper-Income CTs*

PB also operates four stand-alone, deposit-taking ATMs that are considered remote service facilities. These ATMs are located in the Non-MSA counties of Modoc, Sierra, Plumas, and Lassen. Two of the four ATMs are located in distressed and/or underserved middle-income CTs. Moreover, PB generates Small Business Administration (SBA), agriculture, and commercial loans outside its AAs via Loan Production Offices located in Chico and Auburn, California and Klamath Falls, Oregon.

The bank's primary business is servicing the banking needs of individuals and businesses within its CAA. PB's principal retail lending services include consumer, automobile and HELOC loans. The bank's principal commercial lending services include term real estate and commercial and industrial loans. In addition, PB provides term agriculture loans and operating lines of credit. On a limited basis, PB also provides land development and construction loans.

PB is a SBA "Preferred Lender" offering SBA 7(a) and 504 loans. The bank sells all SBA 7(a) loans to the secondary market, thereby releasing funds to reinvest in additional small business loans within the communities it serves.

The hours of operation and availability of products and services are tailored to the convenience and needs of bank customers. PB offers a full array of FDIC insured deposit and savings products and non-FDIC insured investment brokerage products/services. Alternative delivery systems of products and services include 24-hour Internet banking, which is accessible through the bank's web site at www.plumasbank.com, and includes services such as bill pay, mobile banking, person-to-person transfer, external funds transfer, 24-hour telephone banking services, and night depository.

Ability and Capacity

As noted previously, the December 31, 2017 Call Report figures showed total assets of \$744.8 million and total loans of \$488.9 million. The figures also showed securities of \$137.5 million, confirming PB's primary focus on lending. The bank's loan portfolio is illustrated in the following table:

Loan Portfolio Distribution as of 12/31/2017		
Loan Category	\$(000s)	%
Construction and Land Development	25,218	5.2
Secured by Farmland	28,685	5.9
1 to 4 Family Residential	59,079	12.1
Multi-family (5 or more) Residential	25,838	5.3
Commercial Real Estate	214,484	43.8
Total Real Estate Loans	353,304	72.3
Commercial and Industrial	39,732	8.1
Agricultural	30,455	6.2
Consumer	64,962	13.3
Other	464	0.0
Less: Unearned Income	0	0.0
Total Loans	488,917	100.0
<i>Source: Call Report</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet its AA's credit needs.

DESCRIPTION OF ASSESSMENT AREA

CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. PB designated four contiguous AAs: three of these are in California State and one is in Nevada State. The bank expanded its AA in 2016 to include Washoe County since it opened a branch in the Reno MSA. The following table identifies PB's AAs as named in this report, along with the number of CTs, number of branches, and number of ATMs in each AA.

Description of Assessment Areas						
Assessment Area	MSA	MSA #	Counties	# of CTs	Branches	ATMs
Non-MSA	Non-MSA, CA	99999	Lassen, Modoc, *Nevada, Plumas, Sierra	26	7	11
Redding MSA	Redding, CA	39820	Shasta	48	2	2
Sacramento MSA	Sacramento- Roseville-Arden- Arcade, CA	40900	*Placer	10	2	2
Reno MSA	Reno, NV	39900	Washoe	112	1	1
<i>Source: Bank Records</i> (*Asterisk reflects that only a portion of county is included in the AA)						

The AAs contain whole geographies, do not reflect illegal discrimination, and do not arbitrarily exclude any LMI areas.

Economic and Demographic Data

As described above, PB operates in multiple AAs within California and Nevada. AA descriptions and demographic data are contained in each full- and limited-scope sections of this evaluation. Please refer to each full- and limited-scope evaluation section of this PE for a discussion of economic conditions applicable to each AA.

The following table illustrates select demographic characteristics of the CAA based on the 2010 U.S. Census Data, which will be used to analyze PB's 2016 performance.

Demographic Information of the Assessment Area						
Assessment Area: Combined						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	195	5.1	21.0	40.5	30.8	2.6
Population by Geography	703,996	6.1	22.4	41.8	29.7	0.0
Housing Units by Geography	327,442	5.9	22.9	41.6	29.7	0.0
Owner-Occupied Units by Geography	168,944	2.0	16.6	43.4	37.9	0.0
Occupied Rental Units by Geography	100,548	13.3	36.8	33.9	16.0	0.0
Vacant Units by Geography	57,950	4.1	17.0	49.6	29.3	0.0
Businesses by Geography	42,854	5.9	29.3	34.1	27.9	2.9
Farms by Geography	1,380	2.0	19.0	48.3	30.0	0.8
Family Distribution by Income Level	172,702	21.1	17.6	20.1	41.2	0.0
Household Distribution by Income Level	269,492	23.1	16.3	18.3	42.3	0.0
Median Family Income MSA - #39820 Redding, CA MSA		\$55,456	Median Housing Value			\$315,868
Median Family Income MSA - #39900 Reno, NV MSA		\$67,350	Median Gross Rent			\$930
Median Family Income MSA - #40900 Sacramento--Roseville-- Arden-Arcade, CA MSA		\$71,816	Families Below Poverty Level			9.7%
Median Family Income Non- MSAs - CA		\$55,928				
<i>Source: 2010 U.S. Census and 2016 D&B Data Due to rounding, totals may not equal 100.0 percent (*) The NA category consists of geographies that have not been assigned an income classification</i>						

The following table illustrates select demographic characteristics of the CAA based on the 2015 ACS Census Data, which will be used to analyze PB's 2017 performance.

Demographic Information of the Assessment Area						
Assessment Area: Combined						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	196	5.1	16.8	43.4	31.1	3.6
Population by Geography	712,913	5.3	17.5	47.7	28.7	0.8
Housing Units by Geography	336,205	5.4	17.0	45.3	31.7	0.6
Owner-Occupied Units by Geography	162,975	1.6	12.2	48.9	37.2	0.2
Occupied Rental Units by Geography	109,620	11.9	27.1	42.6	17.2	1.2
Vacant Units by Geography	63,610	4.1	11.7	41.0	42.4	0.8
Businesses by Geography	44,006	5.1	21.6	39.8	30.4	3.2
Farms by Geography	1,409	2.2	17.2	52.1	27.8	0.8
Family Distribution by Income Level	170,353	20.8	17.2	20.2	41.8	0.0
Household Distribution by Income Level	272,595	24.1	15.7	17.3	42.8	0.0
Median Family Income MSA - #39820 Redding, CA MSA		\$55,749	Median Housing Value			\$248,443
Median Family Income MSA - #39900 Reno, NV MSA		\$65,722	Median Gross Rent			\$952
Median Family Income MSA - #40900 Sacramento--Roseville-- Arden-Arcade, CA MSA		\$71,829	Families Below Poverty Level			10.1%
Median Family Income Non-MSAs - CA		\$56,948				
<i>Source: 2015 ACS Census and 2017 D&B Data</i> <i>Due to rounding, totals may not equal 100.0 percent</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification</i>						

As shown in the tables above, there were 42,854 businesses in the CAA in 2016, and 44,006 in 2017. The slight growth in businesses and job opportunities mainly comes from the Reno MSA, Redding MSA, and Sacramento MSA while being offset by losses of businesses in the Non-MSA AA during the evaluation period.

On the other hand, the 2015 ACS Data reported an improved income level in four moderate-income CTs from the 2010 U.S. Census data, all of which were in the Redding MSA. They are now middle-income CTs, thereby reducing the opportunities of PB to lend in LMI areas in 2017. In addition, one of the two branches in the Redding MSA AA was in a moderate-income CT that changed to a middle-income CT in 2017 when the 2015 ACS data was published.

In addition, the 2015 ACS Census data also reported an improved income level in four moderate-income CTs from the 2010 U.S. Census data in the Reno MSA. They are now middle-income CTs, thereby reducing the opportunities of PB to lend in LMI areas in 2017. In addition, one CT

was added based on the 2015 ACS Census Data and it represents a CT where income levels are not available.

State-Designated Economically Distressed Areas

PB has 13 distressed and/or underserved nonmetropolitan middle-income CTs in the Non-MSA AA. Please refer to the Non-MSA AA full-scope evaluation for additional information related to distressed and/or underserved nonmetropolitan middle-income CTs.

Competition

Examiners reviewed deposit market share figures for each AA. Please refer to each full-scope evaluation for complete details regarding the institution's market share and ranking for the respective area.

Community Contact

As part of the evaluation process, examiners contacted third parties active in the AAs to assist in identifying the credit and CD needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and CD opportunities are available. Please refer to each full-scope evaluation for details regarding information obtained from community contacts.

Credit and Community Development Needs and Opportunities

Please refer to each full-scope evaluation for details regarding information obtained from community contacts on specific credit and CD needs and opportunities.

BANKWIDE CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

PB demonstrated reasonable performance under the Lending Test. Geographic Distribution and Borrower Profile performance provided primary support for this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and CAA credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 76.1 percent over the most recent 11 quarterly reporting periods from June 30, 2015 to December 31, 2017. PB's ratio remained predominantly stable during this time, with only intermittent variation that ranged from a low of 71.6 percent on September 30, 2015, to a high of 78.9 percent on March 31, 2017. Examiners compared the bank's performance to three similar institutions based on asset size and business strategy with operations located in the bank's CAA. Although PB's LTD ratio is slightly below similar institutions, PB's performance is further supported and mitigated by the selling of the

SBA-guaranteed portion of SBA 7(a) loans in the secondary market, thereby freeing-up funds to reinvest in additional small business loans in the communities it serves. Since the previous evaluation, PB originated and sold the guaranteed portion of 189 SBA loans totaling approximately \$90.8 million. PB’s performance under this criterion is also mitigated because BofA closed branches in several PB markets during the evaluation period, allowing PB to obtain unsolicited deposits without corresponding loan demand. The following table illustrates the bank’s net average LTD ratio relative to similar banks:

Loan-to-Deposit Ratio Comparison	
Institution	Ratio Over Last 11 Quarters
Plumas Bank	76.1
Comparable Institution 1	80.7
Comparable Institution 2	80.8
Comparable Institution 3	80.9
<i>Source: Call Report</i>	

Assessment Area Concentration

The bank originated a substantial majority of its small business loans, by number and dollar volume, within its CAA. Refer to the following table for detail:

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		
	#	%	#	%		\$	%	\$	%	
Small Business										
2016	128	88.9	16	11.1	144	19,137	81.1	4,469	18.9	23,606
2017	178	91.8	16	8.2	194	28,781	89.1	3,521	10.9	32,302
Total	306	90.5	32	9.5	338	47,918	85.7	7,990	4.4	55,908
<i>Source: Evaluation Period: 1/1/2016 - 12/31/2017 Bank Data Due to rounding, totals may not add up to 100.0 percent</i>										

At 90.5 percent by number and 85.7 percent by dollar volume, PB originated a substantial majority of loans within its AAs over the review period.

Geographic Distribution

PB’s overall geographic distribution of loans reflects reasonable dispersion throughout the CAA. The bank’s record of small business lending is reasonable and supports this conclusion. To evaluate geographic distribution, examiners focused on the percentage by number of loans in LMI CTs compared to demographic information. Aggregate market data was also used to provide additional context regarding loan demand versus credit opportunity. PB’s performance by AA is generally consistent. Please refer to each respective AA analysis for additional details.

Borrower Profile

Overall, PB's distribution of borrowers reflects reasonable penetration among businesses of different revenue sizes. This conclusion is based on comparison of demographics data to PB's rate of lending to businesses with GARs of \$1 million or less. Performance by AA is generally consistent. Please refer to each respective AA analysis for further details.

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

PB demonstrated excellent responsiveness to the CD needs of its CAA. This performance is accomplished through CD loans, qualified investments and donations, and CD services, as appropriate. The rating takes into consideration PB's capacity, and the availability and need of such opportunities for CD in its AAs. PB's CD activities are for the review period of May 26, 2015, through the current evaluation date of April 13, 2018. PB's total CD dollars, which combine loans, investments, and donations for the review period, total over \$66 million, or 10.2 percent of average total assets. The bank's CD activities in the CAA for the review period are summarized in the following sections:

Community Development Loans

PB originated 212 CD loans totaling approximately \$65.9 million during the evaluation period, an increase in dollar amount of 198.0 percent since the previous evaluation when CD loans were \$32.4 million. This level of activity represents 10.2 percent of average total assets and 11.5 percent of average total loans since the prior CRA Evaluation and is above other lenders in the states of California and Nevada with footprints in the CAA. PB's performance for the current evaluation period exceeds its CD performance from the previous evaluation. CD loans equaled 5.9 percent of total assets and 8.5 percent of total loans at the previous CRA Evaluation.

Of the 212 CD loans, 2 loans totaling \$0.6 million were used for affordable housing, 4 loans totaling \$1.5 million were used to revitalize and stabilize the community, 19 loans totaling \$5.3 million were used for community services, and 187 loans totaling \$58.5 million were used for economic development. Virtually all of the economic development loans were SBA 7(a) and 504 transactions, which are responsive to community economic development needs. Despite this excellent performance primarily due to economic development lending, one area which could be enhanced is additional CD lending to support affordable housing. Both community contacts indicated a lack of affordable housing stock which could prevent more businesses from entering the CAA, especially in the LMI and distressed and/or underserved geographies.

The following table provides a breakdown of the number and dollar volume of CD loans by AA, activity year, and primary CD purpose:

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
2015*										
Non-MSA	1	50	4	732	23	5,989	0	0	28	6,771
Reno MSA	0	0	0	0	0	0.0	0	0	0	0
Redding MSA	0	0	6	1,150	4	4,108	0	0	10	5,258
Sacramento MSA	0	0	0	0	8	4,522	0	0	8	4,522
Subtotal 2015	1	50	10	1,882	35	14,619	0	0	46	16,551
2016										
Non-MSA	1	550	4	713	50	10,685	2	179	57	12,127
Reno MSA	0	0	0	0	6	5,210	0	0	6	5,210
Redding MSA	0	0	0	0	4	598	1	1,150	5	1,748
Sacramento MSA	0	0	0	0	12	5,431	0	0	12	5,431
Subtotal 2016	1	550	4	713	72	21,924	3	1,329	80	24,516
2017										
Non-MSA	0	0	4	2,575	54	9,531	1	183	59	12,289
Reno MSA	0	0	0	0	1	145	0	0.0	1	145
Redding MSA	0	0	0	0	4	2,502	0	0.0	4	2,502
Sacramento MSA	0	0	1	109	7	5,187	0	0.0	8	5,296
Subtotal 2017	0	0	5	2,684	66	17,365	1	183	72	20,232
2018**										
Non-MSA	0	0	0	0	12	3,476	0	0	12	3,476
Reno MSA	0	0	0	0	1	1,087	0	0	1	1,087
Redding MSA	0	0	0	0	1	30	0	0	1	30
Sacramento MSA	0	0	0	0	0	0	0	0	0	0
Subtotal 2018	0	0	0	0	14	4,593	0	0	14	4,593
Total	2	600	19	5,279	187	58,501	4	1,512	212	65,892
<i>Source: Bank Records</i>										
<i>*Loans made between May 26, 2015, and December 31, 2015</i>										
<i>**Loans made between January 1, 2018, and April 13, 2018</i>										

As shown in the table above, a majority by number, 73.6 percent of CD loans were originated in the Non-MSA AA. The Non-MSA AA offers more opportunities for CD lending given the bank has a larger footprint in this AA through 7 of the bank's 12 branch offices. Moreover, 13 of the 14 middle-income CTs located in the Non-MSA AA are designated distressed and/or underserved CTs, where a majority of the bank's overall lending occurred.

A few of the more notable CD loans include the following:

- A \$550,000 and a \$230,000 loan to a Northeastern California community based non-profit organization providing services and opportunities for the wellbeing of local residents and families to improve quality of life and self-sufficiency by promoting health, education, prevention, and treatment. The organization serves families in middle-income distressed and/or underserved geographies in Lassen, Modoc, Plumas, and Sierra

Counties.

- Four loans totaling \$1,058,750 to a commercial enterprise in a moderate-income CT that has created 30 + jobs.
- A \$346,000 operating loan to a non-profit corporation for water management and water quality improvement projects located within a large-scale watershed at the headwaters of the California Water Project.
- A \$88,500 loan to refinance the purchase of a new 20,000-gallon asphalt tank. The company employs 20+ people and is located in an underserved/distressed tract.
- A \$115,000 loan to support annual operating expenses for a family ranching and horse boarding, training, and riding business. They hire employees, some of which are seasonal. The operation is located in a middle-income CT; however, it is in an underserved/distressed area.
- A \$300,000 line of credit to be used for tribal subsidiary companies to fund continued operations. The borrower formed Disadvantaged/Minority/LMI (Native American owned) entities to engage in government contracts or to operate to serve Disadvantaged Minority/LMI community members.
- A \$104,500 term equipment loan to a small excavation construction company to purchase 2 backhoes. The company operates in a distressed/underserved area of Plumas County. The company employs 12 local residents.

Community Development Investments

The bank did not make any new investments or maintain any prior period investments in the CAA since the previous evaluation in May of 2015. However PB made 142 qualified donations totaling \$147,000. These figures represent a significant increase from the previous PE, where PB made only 110 donations totaling \$64,853. PB donations focused primarily on providing funds to community service activities. The following table summarizes the distribution of PB's qualified donations by year, type of donation, and AA served:

Qualified Donations by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
2015*										
Non-MSA	0	0	21	26	0	0	0	0	21	26
Reno MSA	0	0	0	0	0	0	0	0	0	0
Redding MSA	0	0	3	3	0	0	0	0	3	3
Sacramento MSA	0	0	3	1	0	0	0	0	3	1
Subtotal 2015	0	0	27	30	0	0	0	0	27	30
2016										
Non-MSA	0	0	28	27	1	2	0	0	29	29
Reno MSA	0	0	0	0	1	2	0	0	1	2
Redding MSA	0	0	6	3	0	0	0	0	6	3
Sacramento MSA	0	0	6	2	1	3	0	0	7	5
Subtotal 2016	0	0	40	32	3	7	0	0	43	39
2017										
Non-MSA	0	0	36	32	0	0	0	0	36	32
Reno MSA	0	0	3	6	3	7	0	0	6	13
Redding MSA	0	0	8	5	0	0	0	0	8	5
Sacramento MSA	0	0	5	3	1	3	0	0	6	6
Subtotal 2017	0	0	52	46	4	10	0	0	56	56
2018**										
Non-MSA	0	0	9	16	0	0	0	0	9	16
Reno MSA	0	0	2	3	1	2	0	0	3	5
Redding MSA	0	0	2	0***	0	0	0	0	2	0
Sacramento MSA	0	0	2	1	0	0	0	0	2	1
Subtotal 2018	0	0	15	20	1	2	0	0	16	22
Total	0	0	134	128	8	19	0	0	142	147
<i>Source: Bank Records</i> <i>*Donations made between May 26, 2015, and December 31, 2015</i> <i>**Donations made between January 1, 2018, and April 13, 2018</i> <i>*** Donation amount less than \$500</i>										

Below are notable examples of the bank's qualified donation activities:

- A \$40,180 in-kind donation to a private non-profit corporation whose mission is to provide child development programs in 4 counties with moderate-income and middle-income distressed and/or underserved CTs. The donation provided free space to this organization throughout the evaluation period.
- A \$6,400 in-kind donation to a non-profit, volunteer based group of both retired and active professionals who are dedicated to small business education and formation, growth and success. The donation provided free space in the PB branch in Reno, Nevada, located in a moderate-income CT.

- A \$7,400 in-kind donation to a collaborative group of leaders in the community of the Reno MSA who strive to make the community achieve total health especially the underserved and vulnerable populations. The donation provided free space in the PB branch in Reno, Nevada, located in a moderate-income CT.
- A \$1,000 donation to a fund-raising event for a hospital that provides needed health care services to residents that live in distressed and/or underserved middle-income CTs in Plumas County.
- A \$2,000 donation to a private/public partnership in Washoe County to launch an annual seed fund that assisted in the recruitment of new companies to diversify the economy and have a positive impact on the quality of life in Greater Reno-Sparks.
- A \$5,000 donation to an organization in Nevada County to help protect, enhance, and restore the Truckee River watershed.

Community Development Services

PB employees, officers, and directors provided 107 services totaling 2,938 qualified CD hours throughout PB's delineated CAA to CD-qualified organizations. This is a slight increase since the prior evaluation when qualified CD hours were 2,862. During the evaluation period, a total of 17 employees, including officers and a director, provided financial expertise or technical assistance to 107 qualified CD organizations or programs. These efforts by bank employees concentrated on community service and economic development activities. Services were provided almost exclusively in the Non-MSA and secondarily in the Sacramento MSA. The following table illustrates the bank's CD services by year, AA, and purpose:

Qualified Community Development Services by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalization or Stabilization		Totals	
	#	Hrs.	#	Hrs.	#	Hrs.	#	Hrs.	#	Hrs.
2015*										
Non-MSA	0	0	8	381	15	494	0	0	23	875
Reno MSA	0	0	0	0	0	0	0	0	0	0
Redding MSA	0	0	0	0	0	0	0	0	0	0
Sacramento MSA	0	0	0	0	1	48	0	0	1	48
Subtotal 2015	0	0	8	381	16	542	0	0	24	923
2016										
Non-MSA	0	0	9	384	12	357	0	0	21	741
Reno MSA	0	0	1	16	0	0	0	0	1	16
Redding MSA	0	0	0	0	0	0	0	0	0	0
Sacramento MSA	0	0	1	114	3	115	0	0	4	229
Subtotal 2016	0	0	11	514	15	472	0	0	26	986
2017										
Non-MSA	0	0	15	495	11	185	0	0	26	680
Reno MSA	0	0	0	0	0	0	0	0	0	0
Redding MSA	0	0	0	0	0	0	0	0	0	0
Sacramento MSA	0	0	1	57	3	83	0	0	4	140
Subtotal 2017	0	0	16	552	14	268	0	0	30	820
2018**										
Non-MSA	0	0	11	98	12	76	0	0	23	174
Reno MSA	0	0	0	0	0	0	0	0	0	0
Redding MSA	0	0	0	0	0	0	0	0	0	0
Sacramento MSA	0	0	2	17	2	18	0	0	4	35
Subtotal 2018	0	0	13	115	14	94	0	0	27	209
Grand Total	0	0	48	1,562	59	1,376	0	0	107	2,938
<i>Source: Bank Records</i> <i>*Services provided between May 26, 2015, and December 31, 2015</i> <i>**Services provided between January 1, 2018, and April 13, 2018</i>										

Notable examples of the institution’s qualified services include the following activities:

- A bank officer served as commissioner and treasurer of a volunteer association that provides high quality, fire, EMS, and rescue services in Plumas County.
- A bank officer served as treasurer of an organization in Modoc County that provides scholarships for children interested in the field of agriculture and promotes the education of agriculture to the public.

- A bank officer served as a member of a college foundation in Lassen County that raises funds for scholarships and service projects throughout the community.
- A bank officer served as a member of an organization in Washoe County that provided scholarships to low-income high school graduates seeking a college education.

In addition to services provided, PB operates three branches in moderate-income CTs, and five branches and two stand-alone ATMs in middle-income distressed and/or underserved CTs primarily in the Non-MSA AA. These branch and ATM locations demonstrate the availability of banking services to LMI individuals and distressed and/or underserved areas.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA Rating.

STATE OF CALIFORNIA

CRA RATING FOR CALIFORNIA: Satisfactory

The Lending Test is rated: Satisfactory

The CD Test is rated: Outstanding

SCOPE OF EVALUATION

Examiners conducted a full-scope evaluation of the bank's performance in the Non-MSA AA and limited-scope evaluations of the bank's performance in the Redding and Sacramento MSA AAs. PB's performance in the Non-MSA AA received the greatest weight in the state of California for this evaluation. Performance was generally consistent by AA. Refer to the Non-MSA full-scope analysis and the limited-scope analyses for noted performance.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CALIFORNIA

For the time period and AAs applicable to this analysis, PB operated 11 branches in 5 Non-MSA counties and 2 MSA counties in the state of California. Details regarding the bank's operations within these two MSA counties and Non-MSA counties are contained in the bank-wide Description of Assessment Area and Description of Institution sections.

The three AAs defined by PB within the state of California include the counties of Plumas, Lassen, Modoc, Nevada, and Sierra in the Non-MSA AA, Shasta County in MSA #39820, and Placer County in MSA #40900. Each AA has a somewhat different economic profile. Detailed descriptions of each AA are located in each full-scope and limited-scope analysis.

Demographic and Economic Data

The following table illustrates select demographic characteristics of the combined California AAs based on the 2010 U.S. Census Data, which will be used to analyze PB's 2016 performance.

Demographic Information of the Assessment Area						
Assessment Area: California						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	84	0.0	20.2	52.4	27.4	0.0
Population by Geography	282,589	0.0	22.1	53.1	24.8	0.0
Housing Units by Geography	145,726	0.0	21.1	53.1	25.7	0.0
Owner-Occupied Units by Geography	72,091	0.0	17.9	52.4	29.7	0.0
Occupied Rental Units by Geography	36,604	0.0	36.0	47.0	17.0	0.0
Vacant Units by Geography	37,031	0.0	12.8	60.6	26.7	0.0
Businesses by Geography	19,192	0.0	28.9	50.0	21.1	0.0
Farms by Geography	889	0.0	18.7	58.3	23.1	0.0
Family Distribution by Income Level	71,041	21.3	17.4	19.6	41.7	0.0
Household Distribution by Income Level	108,695	23.5	15.2	18.0	43.3	0.0
Median Family Income MSA - #39820 Redding, CA MSA		\$55,456	Median Housing Value			\$336,939
Median Family Income MSA - #40900 Sacramento--Roseville--Arden-Arcade, CA MSA		\$71,816	Median Gross Rent			\$880
Median Family Income Non-MSAs - CA		\$55,928	Families Below Poverty Level			11.4%
<i>Source: 2010 U.S. Census and 2016 D&B Data</i> <i>Due to rounding, totals may not add up to 100.0 percent</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification</i>						

The following table illustrates select demographic characteristics of the combined California AAs based on the 2015 ACS Census Data, which will be used to analyze PB's 2017 performance.

Demographic Information of the Assessment Area						
Assessment Area: California						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	84	0.0	15.5	52.4	32.1	0.0
Population by Geography	277,894	0.0	14.9	57.7	27.4	0.0
Housing Units by Geography	149,724	0.0	13.3	53.4	33.3	0.0
Owner-Occupied Units by Geography	68,505	0.0	11.4	56.0	32.5	0.0
Occupied Rental Units by Geography	37,745	0.0	23.0	56.8	20.2	0.0
Vacant Units by Geography	43,474	0.0	7.9	46.2	46.0	0.0
Businesses by Geography	19,538	0.0	16.0	55.1	28.9	0.0
Farms by Geography	884	0.0	18.1	60.2	21.7	0.0
Family Distribution by Income Level	67,723	20.2	17.2	19.4	43.1	0.0
Household Distribution by Income Level	106,250	23.4	15.7	17.0	43.9	0.0
Median Family Income MSA - #39820 Redding, CA MSA		\$55,749	Median Housing Value			\$284,886
Median Family Income MSA - #40900 Sacramento--Roseville--Arden-Arcade, CA MSA		\$71,829	Median Gross Rent			\$966
Median Family Income Non-MSAs - CA		\$56,948	Families Below Poverty Level			10.1%
<i>Source: 2015 ACS Census and 2017 D&B Data</i> <i>Due to rounding, totals may not add up to 100.0 percent</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification</i>						

As shown in the tables above, there were 19,192 businesses in the California AA in 2016 and 19,538 in 2017. The loss of businesses in the Non-MSA AA during the evaluation period were offset by growth in the Redding and Sacramento MSAs, thereby showing overall limited growth of businesses from 2016 to 2017.

On the other hand, the 2015 ACS Data also reported an improved income level in four moderated-income CTs from the 2010 U.S. Census data, all of which were in the Redding MSA. They are now middle-income CTs, thereby reducing the opportunities of PB to lend in LMI areas in 2017. In addition, one of the two branches in the Redding MSA AA was in a moderate-income CT that changed to a middle-income CT in 2017 when the 2015 ACS data was published.

The following table contains unemployment statistics for the state of California and each individual county in the AA.

Unemployment Rates: California		
Area	2016	2017
	%	%
Non – MSA Counties - Plumas	9.7	8.9
Non – MSA Counties - Modoc	7.8	8.0
Non – MSA Counties - Lassen	6.9	5.6
Non – MSA Counties - Sierra	7.5	6.5
Non – MSA Counties - Nevada	4.8	4.1
Redding MSA #39820 – Shasta County	7.0	5.8
Sacramento MSA #40900 – Placer County	4.5	3.8
State	5.3	4.5
National Average	4.7	4.1
<i>Source: Bureau of Labor Statistics</i>		

The statewide unemployment rate showed significant improvement between 2016 and 2017, consistent with an improving trend for the nation as a whole. Of the seven counties in the state of California AA, six of them showed significant improvement between 2016 and 2017. Only Modoc County in the Non-MSA AA, experienced a nominal increase in unemployment. For the most part, unemployment in California State has demonstrated continued improvement since 2012, and this reflects a strengthening national economy following the most recent recession.

According to Moody’s Analytics in 2017, the overall economy in California has been on a high-tech growth spurt. Income growth in California has surpassed the U.S. average in 23 of the last 24 months. Tech havens such as Silicon Valley are at the forefront of California’s expansion. This obviously has no effect within the counties and communities PB serves as they are far removed from any tech-related industries.

As described above, PB operates in multiple AAs within California. AA descriptions and demographic data are contained in each full-scope evaluation. Please refer to each full- and limited-scope evaluation for a discussion of economic conditions applicable to each AA in the current evaluation.

State-Designated Economically Distressed Areas

PB has 13 distressed and/or underserved nonmetropolitan middle-income CTs in the Non-MSA AA. Please refer to the Non-MSA AA full-scope evaluation for additional information related to distressed or underserved nonmetropolitan middle-income CTs.

Competition

Except for the Non-MSA AA, competition within the other AAs is robust. As of June 30, 2017, within the Redding and Sacramento MSA AAs, PB competed for loans and deposits against 29 national, regional, and other community banks that operate 162 branches. According the June 30, 2017 FDIC’s Summary of Deposits Report, PB’s market share of deposits within the Redding and Sacramento AAs was less than 1.0 percent. The competition is much more

predominant in the Redding and Sacramento AAs, as these AAs contain more urban areas that are more densely populated when compared to the Non-MSA AA.

Community Contact

As part of the evaluation process, examiners contacted third parties active in the AAs to assist in identifying the credit and CD needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and CD opportunities are available. Please refer to each full-scope evaluation for details regarding information obtained from community contacts.

Credit and Community Development Needs and Opportunities

Please refer to each full-scope evaluation for details regarding information obtained from community contacts on specific credit and CD needs and opportunities.

CONCLUSIONS ON PERFORMANCE CRITERIA IN CALIFORNIA

LENDING TEST

PB's Lending Test is rated "Satisfactory" in the state of California. Geographic distribution and borrower profile loan performance primarily support this conclusion.

COMMUNITY DEVELOPMENT TEST

PB's CD Test is rated "Outstanding" in the state of California. This conclusion considered the bank's CD loans, qualified investments and grants, and CD services. Overall, PB's CD performance demonstrated excellent responsiveness to CD needs in the California AAs. Refer to individual full-scope AA analyses and information presented in the bank-wide CD tables for specific information on PB's CD activities in the California AAs during the evaluation period.

NON-MSA ASSESSMENT AREA FULL-SCOPE EVALUATION

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE NON-MSA ASSESSMENT AREA

PB operates seven full-service branches and the bank's main office, in the Non-MSA AA. The AA contains 44.8 percent of PB's CRA-applicable loans originated within the bank's AAs during the evaluation period, 52.6 percent of the dollar volume of CD loans originated, as well as 82.8 percent of the total deposits, and 58.3 percent of the total branches. One of the seven branches is located in a moderate-income CT, and five of the seven are located in distressed and/or underserved middle-income CTs. This AA includes all of Plumas, Lassen, Modoc, and Sierra Counties. Additionally, the AA includes five CTs in Nevada County. Please refer to the operations portion under the CAA Description of Institution for a full description of the bank's operations. The following sections provide details regarding economic and demographic conditions for the AA, competition, distressed and underserved middle-income CTs, and information obtained from a community contact:

Demographic and Economic Data

The following table illustrates select demographic characteristics of the Non-MSA AA based on the 2010 U.S. Census Data and 2016 D&B data, which will be used to analyze PB's 2016 performance.

Demographic Information of the Assessment Area						
Assessment Area: Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	26	0.0	11.5	53.8	34.6	0.0
Population by Geography	88,562	0.0	11.5	55.6	32.9	0.0
Housing Units by Geography	50,534	0.0	12.0	51.4	36.6	0.0
Owner-Occupied Units by Geography	22,571	0.0	12.7	47.0	40.3	0.0
Occupied Rental Units by Geography	11,001	0.0	20.1	48.6	31.3	0.0
Vacant Units by Geography	16,962	0.0	5.7	59.2	35.1	0.0
Businesses by Geography	5,541	0.0	15.5	55.2	29.4	0.0
Farms by Geography	327	0.0	8.6	67.9	23.5	0.0
Family Distribution by Income Level	21,534	18.7	16.4	20.4	44.6	0.0
Household Distribution by Income Level	33,572	22.7	13.5	18.5	45.4	0.0
Median Family Income Non-MSAs - CA		\$55,928	Median Housing Value			\$337,197
			Median Gross Rent			\$875
			Families Below Poverty Level			9.8%
<i>Source: 2010 U.S. Census and 2016 D&B Data Due to rounding, totals may not add up to 100.0 percent (*) The NA category consists of geographies that have not been assigned an income classification</i>						

The following table illustrates select demographic characteristics of the Non-MSA AA based on the 2015 ACS Census Data and 2017 D&B data, which will be used to analyze PB's 2017 performance.

Demographic Information of the Assessment Area						
Assessment Area: Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	26	0.0	11.5	53.8	34.6	0.0
Population by Geography	83,997	0.0	5.2	61.0	33.8	0.0
Housing Units by Geography	52,161	0.0	5.4	51.0	43.5	0.0
Owner-Occupied Units by Geography	21,355	0.0	5.7	55.2	39.1	0.0
Occupied Rental Units by Geography	9,495	0.0	7.4	57.9	34.7	0.0
Vacant Units by Geography	21,311	0.0	4.3	43.8	51.9	0.0
Businesses by Geography	5,571	0.0	7.3	47.7	45.0	0.0
Farms by Geography	327	0.0	20.5	57.5	22.0	0.0
Family Distribution by Income Level	19,252	17.4	15.9	18.6	48.1	0.0
Household Distribution by Income Level	30,850	21.2	14.7	16.1	48.1	0.0
Median Family Income Non-MSAs - CA		\$56,948	Median Housing Value			\$292,418
			Median Gross Rent			\$969
			Families Below Poverty Level			8.4%
<i>Source: 2015 ACS Census and 2017 D&B Data</i> <i>Due to rounding, totals may not add up to 100.0 percent</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification</i>						

The number of businesses in the Non-MSA AA has declined significantly during the evaluation period compared to the prior two CRA PEs. Based on the 2011 D&B data, there were 8,722 businesses operating in the Non-MSA AA. In 2014 and 2015, D&B data showed there were 6,510 and 5,945 businesses, respectively, in the Non-MSA AA. As the data in the tables above illustrates, the number of businesses reduced to 5,541 in 2016 and to 5,571 in 2017. The reduction in businesses took away opportunities to lend in this area and it also partly explains why the economy is still weak.

The following table contains unemployment information for the AA compared to state and national averages:

Unemployment Rates: Non-MSA		
Area	2016	2017
	%	%
Non – MSA Counties - Plumas	9.7	8.9
Non – MSA Counties - Modoc	7.8	8.0
Non – MSA Counties - Lassen	6.9	5.6
Non – MSA Counties - Sierra	7.5	6.5
Non – MSA Counties - Nevada	4.8	4.1
State	5.3	4.5
National Average	4.7	4.1
<i>Source: Bureau of Labor Statistics</i>		

The unemployment rate in the Non-MSA AA has improved markedly during the evaluation period, but continues to trail the state and national averages by a wide margin and reflects the weaknesses in the economy compared to the state and national economies.

Five contiguous counties make up the Non-MSA AA and they are described below. Modoc County is the northeastern-most county of California. Alturas is the county seat. Modoc is bordered by Oregon to the north, Siskiyou County to the west, Shasta and Lassen Counties to the south, and the state of Nevada to the east. Approximately 90 percent of the county consists of national forest, wilderness preserve, wildlife refuges, and state and federal lands. According to the Bureau of Labor Statistics (BLS), the unemployment rate for Modoc County bucked the downward trend of the other four Non-MSA counties during the evaluation period by increasing from 2016 to 2017. However, the unemployment rate has dropped from 14.4 percent in December 2011 to 8.0 percent in 2017. The largest employment sector in the county is government, which accounts for approximately half of all wage and salary jobs.

Lassen County is located in the mountains of northeast California, in the eastern slopes of the Sierra Nevada Mountains. It is south of Modoc County and borders Shasta to the west, Plumas and a small portion of Sierra to the south, and the state of Nevada to the east. Susanville is the county seat. According to the California Economic Development Department (CEDD) and BLS, the unemployment rate for Lassen County was 12.8 percent in 2011 and it has decreased to 5.6 percent in 2017. Employment is dominated by the public sector, which accounts for a majority of all employment in the county. The leisure services, retail trade, and construction sectors account for the additional net job creation.

Home to more than 100 lakes, Plumas County is located in northeast California in a primarily mountainous region. Plumas County is bordered by Sierra and Yuba Counties to the south, Butte and Tehama Counties to the west, Shasta and Lassen Counties to the north, and the panhandle of Lassen County to the east. According to the CEDD and BLS, the unemployment rate for Plumas County was 13.6 percent in December 2011 and it has decreased to 8.9 percent in 2017. The outlook for employment growth is positive for construction, manufacturing, retail trade, and government sectors. Government and service providing sectors presently dominate the job market in the county.

Sierra County is divided east to west by the crest of the Sierra Nevada. This creates two very different regions. The west side is mountainous and heavily forested. The Sierra Valley, east of the crest, is home to most of the county's residents and farms. Sierra County is bordered by Plumas and Lassen Counties to the north, Yuba County to the west, Nevada County to the south, and the state of Nevada to the east. The county seat is Downieville. According to the CEDD and BLS, the unemployment rate for the county was 14.2 percent in December 2011 and it has decreased to 6.5 percent in 2017, which is still 2.0 percent higher than the state of California's unemployment rate. The services sector is expected to create most of the new jobs in the county followed by the goods producing sectors over the next four years. Government and service providing sectors presently dominate the job market in the county.

Nevada County is located in California's Mother Lode country. Nevada County stretches from the eastern Sacramento Valley, across the Sierra Nevada Mountains, to the state of Nevada. Nevada City is the county seat. According to the CEDD and BLS, the unemployment rate was 9.7 percent in December 2011, and it has decreased to 4.1 percent which is slightly lower than the state of California's unemployment rate. Employment remains flat in the financial activities, transportation, information, and manufacturing sectors.

Competition

Competition within the Non-MSA AA is not as strong as the urban areas of the PB CAA. As of the June 30, 2017 Deposit Market Share Report, PB competed with 10 other FDIC-insured banking or savings institutions operating 31 offices within the Non-MSA AA. PB's market share of deposits within the Non-MSA AA was 18.8 percent, representing a 1st place ranking. BofA had the top ranking at the two previous evaluations, but during the current evaluation period they have been closing branches in several Non-MSA AAs. BofA's branch closings have elevated PB to the top ranking and increased their market share from 16.3 percent in 2011 to 18.8 percent in 2017.

State-Designated Distressed and/or Underserved Areas

Of the 26 CTs in the Non-MSA AA, 13 of the CTs are designated distressed and/or underserved middle-income CTs. A middle-income Non-MSA CT is regarded as underserved if it meets the criteria for population size, density, and dispersion that indicates the area's population is sufficiently small, thin, and distant from a population center so that the CT is likely to have difficulty financing the fixed costs of meeting essential community needs. Distressed Non-MSA middle-income CTs are those located in counties that meet one or more triggers that generally reflect the "distressed criteria" used by the Community Development Financial Institutions Fund.

Community Contact

As part of this evaluation, examiners used a community contact that focused on the Non-MSA AA in developing the bank's performance context, as well as the evaluation of the bank CRA performance. The contact is a non-profit organization based in Quincy, California that provides information to local-area businesses which includes start-up businesses, as well as assistance in handling local state and county regulations. It gives information on what incentives are available

for operating a business in Plumas County, particularly in Quincy. The contact indicated that the local economy has improved, home prices have increased, and unemployment has gone down. However, there remains a lack of affordable housing in Plumas which makes hiring employees more difficult for local businesses. According to the contact, there are two banks within the Quincy area that provide the credit needs of the community. However, PB is the only bank with branch offices located outside of Quincy. Further, PB far exceeds the other bank in providing credit and deposit products and services to local businesses and residents.

Credit and Community Development Needs and Opportunities

As identified in community contact information shown above, credit and CD needs and opportunities are present with respect to affordable housing programs and small business financing and education. In addition, 50.0 percent of the CTs in the Non-MSA AA are in middle-income distressed and/or underserved CTs. PB originated 156 CD loans totaling \$34.7 million during the evaluation period to address credit needs. Also, PB originated 137 small business loans totaling \$16.5 million in 2016 and 2017 to help meet credit needs in the AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE NON-MSA ASSESSMENT AREA

LENDING TEST

PB demonstrated reasonable performance under the Lending Test in the Non-MSA AA. Geographic Distribution and Borrower Profile support this conclusion. The institution's performance in the Non-MSA AA is consistent with the bank's statewide performance.

Geographic Distribution

The following table details PB's small business lending distribution by CT income level for the Non-MSA AA in 2016. The distribution of businesses by CT income level as estimated by D&B is included in the second column for demographic reference.

Geographic Distribution of Small Business Loans					
Assessment Area: Non-MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2016	15.5	10	16.7	1,260	17.4
Middle					
2016	55.2	38	63.3	3,950	54.5
Upper					
2016	29.4	12	20.0	2,036	28.1
Not Available					
2016	0.0	0	0.0	0	0.0
Totals					
2016	100.0	60	100.0	7,245	100.0
<i>Source: 2016 D&B Data; 1/1/2016 - 12/31/2016 Bank Data Due to rounding, totals may not add up to 100.0 percent</i>					

The bank's geographic distribution of small business loans reflects reasonable dispersion throughout the Non-MSA AA, including moderate-income CTs. The Non-MSA AA contains no low-income CTs.

In 2016, PB's 16.7 percent rate of lending in moderate-income CTs was slightly above the D&B comparison percentage of 15.5 percent. Aggregate data was not used as a direct comparison because it reflects performance for all CRA data reporters; however it was presented to understand competition and loan demand within the AA. The 2016 aggregate percentage was 9.0 percent which was exceeded by PB's 16.7 percent.

The following table details PB's small business lending distribution by CT income level for the Non-MSA AA in 2017. The distribution of businesses by CT income level as estimated by the 2017 D&B data is included in the second column for demographic reference.

Geographic Distribution of Small Business Loans					
Assessment Area: Non-MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2017	7.3	7	9.1	610	6.6
Middle					
2017	47.7	32	41.6	3,710	40.2
Upper					
2017	45.0	38	49.4	4,914	53.2
Not Available					
2017	0.0	0	0.0	0	0.0
Totals					
2017	100.0	77	100.0	9,234	100.0
<i>Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data Due to rounding, totals may not add up to 100 percent</i>					

The bank's geographic distribution of small business loans reflects reasonable dispersion throughout the Non-MSA AA in 2017, including moderate-income CTs. The Non-MSA AA contains no low-income CTs.

In 2017, PB's 9.1 percent rate of lending in moderate-income CTs was above the D&B comparison percentage of 7.3 percent. Aggregate data was not available for comparison in 2017.

PB's performance under this criterion in both 2016 and 2017 is further supported and mitigated by the substantial number and percentage of small business loans that were made in distressed and/or underserved middle-income CTs. In the Non-MSA AA, 13 of the 14 middle-income CTs are in distressed and/or underserved areas. PB originated 38 loans in middle-income CTs in 2016 and 32 loans in 2017. PB's performance represents reasonable responsiveness to the credit needs of small businesses in the bank's Non-MSA AA, particularly small businesses located in moderate-income and distressed and/or underserved areas.

Borrower Profile

The distribution of borrowers reflects reasonable penetration throughout the Non-MSA AA. The bank's reasonable small business lending supports this conclusion.

The following table details PB's rate of lending to businesses with GARs of \$1 million or less in the Non-MSA AA in 2016. The second column illustrates the distribution of businesses by revenue level as estimated by D&B surveys.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Non-MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2016	80.9	32	53.3	1,669	23.0
>1,000,000					
2016	4.5	28	46.7	5,577	77.0
Revenue Not Available					
2016	14.6	0	0.0	0	0.0
Totals					
2016	100.0	60	100.0	7,245	100.0
<i>Source: 2016 D&B Data; 1/1/2016 - 12/31/2016 Bank Data Due to rounding, totals may not add up to 100.0 percent</i>					

The bank's percentage of businesses with GARs of \$1 million or less was well below the demographic comparisons for 2016. However, it should be noted that the demographic information purely reflects the array of businesses that reported revenues to D&B, and this in turn serves only as an indication of the variety of different sized businesses that populate the AA. As such, this information should not be assumed to correlate directly to demand for credit by qualified commercial applicants. While D&B demographics offer a reasonable indicator of prospective business clients within the AA, these percentages do not equate to a direct measure of loan demand or borrowing capacity.

Although not used as direct comparison, examiners also reviewed aggregate lending data gathered from institutions that are required to report small business data for CRA to better assess the loan demand. The data for the market as a whole showed loans to businesses with GARs of \$1 million or less represented 54.1 percent of aggregate totals in 2016. These proportions are more reasonably aligned with PB's lending activity. Overall, PB's lending to businesses with GARs of \$1 million or less in the Non-MSA AA is reasonable and consistent with satisfactory performance.

The following table details PB's rate of lending to businesses with GARs of \$1 million or less in the Non-MSA AA in 2017. The second column illustrates the distribution of businesses by revenue level as estimated by D&B surveys.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Non-MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2017	80.6	49	63.6	4,187	45.3
>1,000,000					
2017	4.7	28	36.4	5,048	54.7
Revenue Not Available					
2017	14.7	0	0.0	0	0.0
Totals					
2017	100.0	77	100.0	9,234	100.0
<i>Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data; "--" data not available Due to rounding, totals may not add up to 100.0 percent</i>					

In 2017, the bank's percentage of businesses with GARs of \$1 million or less increased to 63.6 percent from the 53.6 percent in 2016. PB's performance is still below the demographic comparisons for 2017, but a notable improvement. Despite the improvement, PB's distribution of small business loans remains reasonable based on the percentage of loans to businesses with GARs of \$1 million or less.

COMMUNITY DEVELOPMENT TEST

PB's CD performance demonstrates excellent responsiveness to CD needs in the Non-MSA AA through CD loans, qualified donations, and CD services, considering the bank's capacity, and the availability and need of such opportunities for CD in this AA. PB's CD activities in the AA for the review period of May 26, 2015, through the current evaluation date of April 13, 2018, are detailed in the following sections:

Community Development Loans

PB originated 156 CD loans totaling \$34.7 million during the evaluation period. This activity represents 73.6 percent by number and 52.7 percent by dollar volume of the total CD loans made during the evaluation period.

Refer to the CAA CD lending section of this evaluation for more detailed information about the bank's CD lending.

Qualified Investments and Donations

PB did not grant any CD investments during the review period in the Non-MSA AA.

PB granted 95 qualified donations in the Non-MSA AA totaling \$103,000 for the evaluation period. This activity represents 66.9 percent by number and 70.1 percent by dollar volume of the

total qualified donations granted during the evaluation period.

Refer to the CAA-qualified investments and donations for additional information.

Community Development Services

During the evaluation period, bank officers and employees volunteered 2,470 hours to 93 activities within the Non-MSA AA. Of the 2,938 hours spent with 107 total activities in the CAA, 84.1 percent of the hours and 86.9 percent of the activities were performed in the Non-MSA AA.

The bank has seven branch offices and four stand-alone ATMs in the Non-MSA AA. Five of the branches and two of the stand-alone ATMs are located in middle-income distressed and/or underserved CTs in the Non-MSA AA. One additional branch in the Non-MSA AA is located in a moderate-income CT. This further supports the bank's efforts to serve its most disadvantaged individuals and families to improve their lives. Refer to the CAA CD services section for additional information on CD services in this AA.

METROPOLITAN AREAS EVALUATED USING LIMITED-SCOPE EXAMINATION PROCEDURES

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE REDDING MSA ASSESSMENT AREA

The Redding MSA AA contains whole geographies, does not reflect illegal discrimination, and does not arbitrarily exclude any LMI geography. The two branches provide the full range of credit and financial services offered by the bank. Data applicable to the Redding MSA AA indicate performance that is generally consistent with the respective state analysis. Refer to the respective state analysis for details. Overall, the bank's performance in the limited-scope AAs received less weight in the evaluation than lending and CD performance noted in each full-scope AA.

Detailed information regarding CD lending, investment, and service activities for each AA reviewed with limited-scope procedures is included in the CAA analyses.

Economic and Demographic Data

PB operates 2 branches in the Redding MSA AA, which consists of all 48 geographies that comprise Shasta County, California. The Redding MSA AA includes approximately 25.2 percent of total loans reviewed in the current evaluation and 8.7 percent of total deposits. The following table reflects select demographic information for the AA based on the 2010 U.S. Census Data and 2016 D&B Data:

Demographic Information of the Assessment Area						
Assessment Area: Redding MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	48	0.0	25.0	50.0	25.0	0.0
Population by Geography	177,223	0.0	26.9	51.4	21.7	0.0
Housing Units by Geography	76,782	0.0	28.1	52.0	19.9	0.0
Owner-Occupied Units by Geography	45,574	0.0	20.8	53.8	25.4	0.0
Occupied Rental Units by Geography	23,526	0.0	42.3	46.7	11.0	0.0
Vacant Units by Geography	7,682	0.0	27.8	58.1	14.1	0.0
Businesses by Geography	12,292	0.0	34.4	47.8	17.8	0.0
Farms by Geography	519	0.0	23.7	52.6	23.7	0.0
Family Distribution by Income Level	45,805	22.7	18.0	19.1	40.2	0.0
Household Distribution by Income Level	69,100	24.1	15.9	17.5	42.5	0.0
Median Family Income MSA - #39820 Redding, CA MSA		\$55,456	Median Housing Value			\$267,273
			Median Gross Rent			\$858
			Families Below Poverty Level			12.7%
<i>Source: 2010 U.S. Census and 2016 D&B Data</i> <i>Due to rounding, totals may not add up to 100.0 percent</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification</i>						

The following table reflects select demographic information for the AA based on the 2015 ACS Census and 2017 D&B data:

Demographic Information of the Assessment Area						
Assessment Area: Redding MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	48	0.0	18.8	54.2	27.1	0.0
Population by Geography	178,942	0.0	18.9	57.4	23.6	0.0
Housing Units by Geography	77,790	0.0	19.4	58.4	22.1	0.0
Owner-Occupied Units by Geography	43,331	0.0	14.3	57.3	28.4	0.0
Occupied Rental Units by Geography	26,044	0.0	27.7	58.1	14.2	0.0
Vacant Units by Geography	8,415	0.0	20.6	65.1	14.4	0.0
Businesses by Geography	12,617	0.0	20.6	58.5	20.9	0.0
Farms by Geography	516	0.0	16.7	63.0	20.3	0.0
Family Distribution by Income Level	44,950	21.2	18.0	19.8	41.0	0.0
Household Distribution by Income Level	69,375	24.2	16.1	17.4	42.4	0.0
Median Family Income MSA - #39820 Redding, CA MSA		\$55,749	Median Housing Value			\$212,145
			Median Gross Rent			\$940
			Families Below Poverty Level			11.1%
<i>Source: 2015 ACS Census and 2017 D&B Data</i>						
<i>Due to rounding, totals may not add up to 100.0 percent</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification</i>						

Contrary to the loss of businesses in the Non-MSA AA during the evaluation period, there has been limited growth of businesses in the Redding MSA from 2016 to 2017 after losses from 2015 to 2016. As shown in the tables above, the 2016 D&B data shows there were 12,272 businesses in the Redding MSA AA and that number increased to 12,617 in 2017 providing a few more opportunities. However, the 2015 ACS Data also reported an improved income level in four moderated-income CTs from the 2010 U.S. Census Data. They are now middle-income CTs, thereby reducing the opportunities of PB to lend in LMI areas in 2017. In addition, one of the two branches in the Redding MSA AA was in a moderate-income CT that changed to a middle-income CT in 2017 when the 2015 ACS Data was published.

According to Moody’s Analytics as of March 2018, Redding’s economy has resumed its ascent and is growing in tandem with California’s economy. BLS data confirms this by showing a declining trend in the unemployment rates for the Redding MSA, state of California, and the national average from 2016 to 2017 as shown in the following table:

Unemployment Rates: Redding MSA		
Area	2016	2017
	%	%
Redding MSA #39820 – Shasta County	7.0	5.8
State of California	5.3	4.5
National Average	4.7	4.1
<i>Source: Bureau of Labor Statistics</i>		

The Redding MSA labor market improved from 2016 to 2017 with the unemployment rate dropping 1.2 percent, while the state of California also dropped by a lesser extent by 0.8 percent. Moody’s analytics also confirms that the labor market in the Redding MSA AA grew in the last quarter of 2017 and is off to a good start in early 2018. The Redding MSA AA labor market tends to be higher than the state due to the seasonal agricultural employment, but is currently the closest it has even been to its state and national counterparts. The top employers in the Redding MSA AA (from 1,000 to 2,000 employees) include Mercy Medical Center and grocery stores J&A Food Services and Holiday Markets.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE REDDING MSA ASSESSMENT AREA

LENDING TEST

The institution’s performance in the Redding MSA is consistent with the overall performance of the state of California and the Non-MSA AA. Reasonable Geographic Distribution and Borrower Profile support this conclusion. Small business lending was the only CRA analysis performed. PB originated 33 small business loans in 2016 and 44 in 2017.

Geographic Distribution

The following table details PB’s small business lending distribution by CT income level for the Redding MSA in 2016. The distribution of businesses by CT income level as estimated by D&B is included in the second column for demographic reference.

Geographic Distribution of Small Business Loans					
Assessment Area: Redding MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2016	34.4	5	15.2	1,487	28.2
Middle					
2016	47.8	22	66.7	3,215	61.0
Upper					
2016	17.8	6	18.2	570	10.8
Not Available					
2016	0.0	0	0.0	0	0.0
Totals					
2016	100.0	33	100.0	5,272	100.0
<i>Source: 2016 D&B Data; 1/1/2016 - 12/31/2016 Bank Data</i>					
<i>Due to rounding, totals may not add up to 100.0 percent</i>					

In 2016, PB's 15.2 percent rate of lending in moderate-income CTs is lower than the D&B percentage of 34.4 percent. Aggregate data was not used as a direct comparison because it reflects performance for CRA reporters; however, it was presented to understand competition and loan demand within the AA. The 2016 aggregate percentage was 30.0 percent which was also well above PB's lending rate.

The following table details PB's small business lending distribution by CT income level for the Redding MSA AA in 2017. The distribution of businesses by CT income level as estimated by D&B is included in the second column for demographic reference and is based on the 2017 D&B data.

Geographic Distribution of Small Business Loans					
Assessment Area: Redding MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2017	20.6	8	18.2	891	14.3
Middle					
2017	58.5	29	65.9	3,936	63.0
Upper					
2017	20.9	7	15.9	1,424	22.8
Not Available					
2017	0.0	0	0.0	0	0.0
Totals					
2017	100.0	44	100.0	6,251	100.0
<i>Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data Due to rounding, totals may not add up to 100.0 percent</i>					

Although in 2017, PB's 18.2 percent rate of lending in moderate-income CTs slightly below the D&B percentage, it is considered reasonable dispersion. PB's 2017 performance showed an upward trend compared to its 2016 performance while D&B's 20.6 percent showed a significant downward trend compared to its 2016 percentage. Aggregate data was not available for comparison in 2017.

Overall PB's geographic distribution of small business loans reflects reasonable dispersion throughout the Redding MSA AA.

Borrower Profile

The following table details PB's rate of lending to businesses with GARs of \$1 million or less in the Redding MSA AA in 2016. The second column illustrates the distribution of businesses by GARs level as estimated by D&B surveys.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Redding MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2016	85.2	9	27.3	1,305	24.8
>1,000,000					
2016	5.9	24	72.7	3,967	75.2
Revenue Not Available					
2016	9.8	0	0.0	0	0.0
Totals					
2016	100.0	33	100.0	5,272	100.0
<i>Source: 2016 D&B Data; 1/1/2016 - 12/31/2016 Bank Data Due to rounding, totals may not add up to 100.0 percent</i>					

The bank's percentage of businesses with GARs of \$1 million or less (at 27.3 percent) is well below the demographic percentage of 85.2 percent for 2016 in the Redding MSA AA. The 2016 D&B percentage of businesses by number in the AA does not reflect the credit needs of those businesses. Although not used as direct comparison, examiners also reviewed aggregate lending data gathered from institutions that are required to report small business data for CRA to better assess the loan demand in the AA. The aggregate data showed that 52.0 percent of the loans were made to businesses with GARs of \$1 million or less in 2016, which is also above PB's lending of 27.3 percent.

The following table details PB's rate of lending to businesses with GARs of \$1 million or less in the Redding MSA AA in 2017. The second column illustrates the distribution of businesses by revenue level as estimated by D&B surveys.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Redding MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2017	84.9	24	54.5	3,338	53.4
>1,000,000					
2017	5.2	20	45.5	2,913	46.6
Revenue Not Available					
2017	9.9	0	0.0	0	0.0
Totals					
2017	100.0	44	100.0	6,251	100.0
<i>Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data Due to rounding, totals may not add up to 100.0 percent</i>					

PB's lending to small businesses with GARs of \$1 million or less improved significantly from 27.3 in 2016, to 54.5 percent in 2017. While PB's performance is below the 84.9 percent of small businesses in the AA, the significant upward trend considered a reasonable penetration to businesses with GARs \$1 million or less.

Overall PB's distribution of borrowers reflects reasonable penetration among businesses of different revenue sizes in the Redding MSA AA.

COMMUNITY DEVELOPMENT TEST

PB's CD Test performance in the Redding MSA AA is below the bank's performance in the state of California. While PB's performance in the Redding MSA AA was considered, it does not change the conclusions for the state of California. The bank has two branch offices in the Redding MSA AA. The bank made 20 CD loans totaling \$9.5 million, and 19 donations totaling \$11,000 during the review period. Bank personnel did not provide any CD services during the evaluation period.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE SACRAMENTO MSA ASSESSMENT AREA

The Sacramento MSA AA contains whole geographies, does not reflect illegal discrimination, and does not arbitrarily exclude any LMI geography. The two branches provide the full range of credit and financial services offered by the bank. Data applicable to the Sacramento MSA AA indicate performance that is generally consistent with the respective state analysis. Refer to the respective state analysis for details. Overall, the bank's performance in the limited-scope AAs received less weight in the evaluation than lending performance noted in each full-scope AA.

Detailed information regarding CD lending, investment, and service activities for each AA reviewed with limited-scope procedures is included in the CAA analyses.

Economic and Demographic Data

PB operates 2 branches in the Sacramento AA, which consists of 10 out of 48 geographies that are part of Placer County. This county is one of the four counties that comprise the Sacramento-Roseville-Arden-Arcade MSA. The Sacramento MSA AA includes approximately 13.7 percent of total loans reviewed in the current evaluation and 8.2 percent of total deposits. The following table reflects select demographic information for the AA based on the 2010 U.S. Census and the 2016 D&B data:

Demographic Information of the Assessment Area						
Assessment Area: Sacramento MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	10	0.0	20.0	60.0	20.0	0.0
Population by Geography	16,804	0.0	26.3	58.0	15.8	0.0
Housing Units by Geography	18,410	0.0	17.3	62.4	20.3	0.0
Owner-Occupied Units by Geography	3,946	0.0	14.0	68.1	17.9	0.0
Occupied Rental Units by Geography	2,077	0.0	48.8	42.0	9.2	0.0
Vacant Units by Geography	12,387	0.0	13.2	64.0	22.9	0.0
Businesses by Geography	1,359	0.0	34.3	48.9	16.8	0.0
Farms by Geography	43	0.0	34.9	53.5	11.6	0.0
Family Distribution by Income Level	3,702	18.8	16.0	22.4	42.8	0.0
Household Distribution by Income Level	6,023	21.8	15.8	20.7	41.8	0.0
Median Family Income MSA - #40900 Sacramento--Roseville--Arden-Arcade, CA MSA		\$71,816	Median Housing Value			\$626,788
			Median Gross Rent			\$1,135
			Families Below Poverty Level			4.1%
<i>Source: 2010 U.S. Census and 2016 D&B Data</i> <i>Due to rounding, totals may not add up to 100.0 percent</i> <i>(* The NA category consists of geographies that have not been assigned an income classification)</i>						

The following table reflects select demographic information for the AA based on the 2015 ACS Census and 2017 D&B data:

Demographic Information of the Assessment Area						
Assessment Area: Sacramento MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	10	0.0	10.0	40.0	50.0	0.0
Population by Geography	14,955	0.0	21.9	42.7	35.4	0.0
Housing Units by Geography	19,773	0.0	10.0	39.6	50.3	0.0
Owner-Occupied Units by Geography	3,819	0.0	11.6	46.0	42.5	0.0
Occupied Rental Units by Geography	2,206	0.0	34.4	37.5	28.1	0.0
Vacant Units by Geography	13,748	0.0	5.7	38.2	56.1	0.0
Businesses by Geography	1,350	0.0	9.0	53.8	37.3	0.0
Farms by Geography	41	0.0	17.1	46.3	36.6	0.0
Family Distribution by Income Level	3,521	22.4	14.6	19.3	43.7	0.0
Household Distribution by Income Level	6,025	25.2	17.2	18.0	39.7	0.0
Median Family Income MSA - #40900 Sacramento--Roseville-- Arden-Arcade, CA MSA		\$71,829	Median Housing Value			\$551,190
			Median Gross Rent			\$1,233
			Families Below Poverty Level			8.3%
<i>Source: 2015 ACS Census and 2017 D&B Data Due to rounding, totals may not add up to 100.0 percent (*) The NA category consists of geographies that have not been assigned an income classification</i>						

There were no material differences between the 2010 U.S. Census Data and the 2017 ACS and D&B Data related to the income-levels of the 10 CTs and the number of businesses in the AA.

According to Moody's Analytics as of March 2018, the Sacramento MSA is in excellent economic conditions, though momentum is slowing in the labor market as businesses struggle to recruit talent. Job growth over the economy has resumed its ascent and job growth over the last years exceeds both California and U.S. averages. BLS data confirms this in the following table by showing the unemployment rate for the Sacramento MSA compared to the state of California and the national average.

Unemployment Rates: Sacramento MSA		
Area	2016	2017
	%	%
Sacramento MSA #40900 – Placer County	4.5	3.8
State of California	5.3	4.5
National Average	4.7	4.1
<i>Source: Bureau of Labor Statistics</i>		

Healthcare, construction, and state and local government are powering growth. Strengths of the Sacramento MSA AA include lower living and business costs than the bay area neighbors and its proximity to the bay area attracts tech and agriculture investments.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE SACRAMENTO MSA ASSESSMENT AREA

LENDING TEST

The institution’s performance in the Sacramento MSA is consistent with the overall performance of the state of California and the Non-MSA AA. Reasonable Geographic Distribution and Borrower Profile support this conclusion. Small business lending was the only CRA analysis performed. PB originated 17 small business loans in 2016 and 25 in 2017.

Geographic Distribution

The following table details PB’s small business lending distribution by CT income level for the Sacramento MSA in 2016. The distribution of businesses by CT income level as estimated by D&B is included in the second column for demographic reference.

Geographic Distribution of Small Business Loans					
Assessment Area: Sacramento MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2016	34.3	5	29.4	545	29.9
Middle					
2016	48.9	6	35.3	223	12.2
Upper					
2016	16.8	6	35.3	1,057	57.9
Not Available					
2016	0.0	0	0.0	0	0.0
Totals					
2016	100.0	17	100.0	1,826	100.0

*Source: 2016 D&B Data; 1/1/2016 - 12/31/2016 Bank Data
Due to rounding, totals may not add up to 100.0 Percent*

In 2016, PB’s 29.4 percent rate of lending in moderate-income CTs was lower than the D&B comparison percentage of 34.4 percent. Aggregate data was not used as a direct comparison because it reflects performance for CRA reporters; however, it was presented to understand competition and loan demand in the AA. The 2016 aggregate percentage was 24.8 percent, which was exceeded by PB’s lending at 29.4 percent in moderate-income CTs.

The following table details PB’s small business lending distribution by CT income level for the Sacramento MSA AA in 2017. The distribution of businesses by CT income level as estimated by D&B is included in the second column for demographic reference and is based on 2017 D&B data.

Geographic Distribution of Small Business Loans					
Assessment Area: Sacramento MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2017	9.0	4	16.0	510	10.0
Middle					
2017	53.8	14	56.0	2,417	47.2
Upper					
2017	37.3	7	28.0	2,190	42.8
Not Available					
2017	0.0	0	0.0	0	0.0
Totals					
2017	100.0	25	100.0	5,117	100.0
<i>Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data</i>					
<i>Due to rounding, totals may not add up to 100.0 percent</i>					

In 2017, PB’s 16.0 percent rate of lending in moderate-income CTs was above the D&B comparison percentage of 9.0 percent, but showed a declining trend when compared to the 29.4 percent lending rate in 2016. Aggregate data was not available for comparison in 2017.

Overall the geographic distribution of small business loans reflects reasonable dispersion throughout the Sacramento MSA AA.

Borrower Profile

The following table details PB’s rate of lending to businesses with GARs of \$1 million or less in the Sacramento MSA AA in 2016. The second column illustrates the distribution of businesses by revenue level as estimated by D&B surveys.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Sacramento MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2016	85.9	9	52.9	515	28.2
>1,000,000					
2016	6.0	8	47.1	1,311	71.8
Revenue Not Available					
2016	8.1	0	0.0	0	0.0
Totals					
2016	100.0	17	100.0	1,826	100.0
<i>Source: 2016 D&B Data; 1/1/2016 - 12/31/2016 Bank Data Due to rounding, totals may not add up to 100.0 percent</i>					

The bank's percentage of businesses with GARs of \$1 million or less at 52.9 percent in the Sacramento AA was well below the demographic comparison at 85.9 for 2016. The 2016 D&B number of small businesses in the AA does not reflect the credit needs of those businesses. Although not used as direct comparison, examiners also reviewed aggregate lending data gathered from institutions that are required to report small business data for CRA to better assess the loan demand in the AA. The data for the market as a whole showed loans to businesses with GARs of \$1 million or less represented 58.1 percent of aggregate totals in 2016, which is only slightly above PB's lending to businesses with GARs of \$1 million or less.

The following table details PB's rate of lending to businesses with GARs of \$1 million or less in the Sacramento MSA AA in 2017. The second column illustrates the distribution of businesses by revenue level as estimated by D&B surveys.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Sacramento MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2017	85.2	11	44.0	1,575	30.8
>1,000,000					
2017	6.7	14	56.0	3,542	69.2
Revenue Not Available					
2017	8.1	0	0.0	0	0.0
Totals					
2017	100.0	25	100.0	5,117	100.0
<i>Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data; "--" data not available Due to rounding, totals may not add up to 100.0 percent</i>					

Although PB's lending to small businesses with GARs of \$1 million or less declined from 52.9 percent in 2016 to 44.0 percent in 2017, two additional loans were made to businesses with GARs of less than \$1 million.

Overall, the distribution of borrowers reflects reasonable penetration of small business loans among businesses of different revenue sizes in the Sacramento MSA AA.

COMMUNITY DEVELOPMENT TEST

PB's CD Test performance in the Sacramento MSA AA is consistent with the bank's performance in the state of California and full-scope Non-MSA AA. The bank has two branch offices in the Sacramento MSA AA. One of the two branches is in a moderate-income CT and one is in a middle-income CT. The bank made 28 CD loans totaling \$15.3 million, 18 donations totaling \$13,000, and 13 services performed totaling 452 hours during the review period.

STATE OF NEVADA

CRA RATING FOR NEVADA: Satisfactory

The Lending Test is rated: Satisfactory

The CD Test is rated: Satisfactory

SCOPE OF EVALUATION

Examiners conducted a full-scope evaluation of the bank's performance in the Reno MSA AA, PB's only AA in the state of Nevada. Since the bank has no additional AAs in Nevada, the description of operations and performance under the Lending Test and CD Test for the statewide analysis are the same as the Reno MSA AA. Refer to the Reno MSA AA full-scope analysis for performance context information and Lending and CD Test performance.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEVADA

PB operated one branch in the Reno MSA that was opened on December 15, 2015. The branch is in a moderate-income CT. Additional details regarding the Reno MSA AA are contained in the bank-wide Description of Assessment Area section. Refer to the following description of PB's operations in the Reno MSA AA for specific information on PB's operation and performance as they pertain to the state of Nevada:

RENO MSA ASSESSMENT AREA FULL-SCOPE EVALUATION

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE RENO-MSA ASSESSMENT AREA

The Reno MSA AA contains 16.3 percent of PB's CRA-applicable loans originated within the bank's AAs during the evaluation period, 9.8 percent of the dollar volume of CD loans originated, as well as 2.1 percent of the total deposits, and 8.3 percent of the total branches. This AA includes the entirety of Washoe County, Nevada. For additional details regarding the bank's operations within the Reno MSA AA, refer to the bank-wide Description of Institution section. The following sections provide details regarding economic and demographic conditions for the AA, competition, and information obtained from a community contact:

Demographic and Economic Data

The following table illustrates select demographic characteristics of the Reno MSA AA based on the 2010 U.S. Census and the 2016 D&B Data, which will be used to analyze PB's 2016 performance.

Demographic Information of the Assessment Area						
Assessment Area: Reno MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	111	9.0	21.6	31.5	33.3	4.5
Population by Geography	421,407	10.2	22.5	34.2	33.0	0.1
Housing Units by Geography	181,716	10.6	24.3	32.3	32.8	0.0
Owner-Occupied Units by Geography	96,853	3.5	15.7	36.7	44.1	0.0
Occupied Rental Units by Geography	63,944	21.0	37.2	26.4	15.4	0.0
Vacant Units by Geography	20,919	11.3	24.4	30.2	34.1	0.0
Businesses by Geography	23,662	10.6	29.7	21.2	33.4	5.2
Farms by Geography	491	5.5	19.6	30.1	42.6	2.2
Family Distribution by Income Level	101,661	21.0	17.8	20.4	40.8	0.0
Household Distribution by Income Level	160,797	22.9	17.0	18.6	41.5	0.0
Median Family Income MSA - 39900 Reno, NV MSA		\$67,350	Median Housing Value			\$298,970
			Median Gross Rent			\$958
			Families Below Poverty Level			8.5%
<i>Source: 2010 U.S. Census and 2016 D&B Data</i> <i>Due to rounding, totals may not add up to 100.0 percent</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification</i>						

The following table illustrates select demographic characteristics of the Reno MSA AA based on the 2015 ACS Census and 2017 D&B Data, which will be used to analyze PB's 2017 performance.

Demographic Information of the Assessment Area						
Assessment Area: Reno MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	112	8.9	17.9	36.6	30.4	6.3
Population by Geography	435,019	8.6	19.1	41.3	29.6	1.4
Housing Units by Geography	186,481	9.8	19.9	38.9	30.3	1.1
Owner-Occupied Units by Geography	94,470	2.7	12.7	43.6	40.6	0.4
Occupied Rental Units by Geography	71,875	18.2	29.3	35.1	15.6	1.8
Vacant Units by Geography	20,136	13.1	19.8	29.8	34.8	2.5
Businesses by Geography	24,468	9.1	26.0	27.5	31.6	5.8
Farms by Geography	525	5.9	15.6	38.5	37.9	2.1
Family Distribution by Income Level	102,630	21.1	17.2	20.6	41.0	0.0
Household Distribution by Income Level	166,345	24.6	15.7	17.5	42.1	0.0
Median Family Income MSA - #39900 Reno, NV MSA		\$65,722	Median Housing Value			\$219,183
			Median Gross Rent			\$945
			Families Below Poverty Level			10.0%
<i>Source: 2015 ACS Census and 2017 D&B Data</i> <i>Due to rounding, totals may not add up to 100.0 percent</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Contrary to the loss of businesses in the Non-MSA AA during the evaluation period, there has been limited growth of businesses in the Reno MSA from 2016 to 2017. The 2016 D&B data shows that there were 23,662 businesses in the Reno MSA AA, which increased to 24,468 in 2017, providing a few more opportunities. However, the 2015 ACS Census data also reported an improved income level in four moderated-income CTs from the 2010 U.S. Census data. They are now middle-income CTs, thereby reducing the opportunities of PB to lend in LMI areas in 2017. In addition, one CT was added based on the 2015 ACS Census Data and it represents a CT where income levels are not available.

The demographic data reported in the tables above shows that 40.3 percent of businesses are located inside LMI areas based on the 2010 U.S. Census and 2016 D&B Data. In 2017, the loss of moderate-income CTs based on the 2015 ACS Survey and 2017 D&B Data reduced the percent of businesses located in LMI areas to 35.1 percent.

The following table contains unemployment information for the AA compared to state and national averages:

Unemployment Rates: Reno MSA		
Area	2016	2017
	%	%
Reno MSA #39900 – Washoe County	5.0	4.1
State of Nevada	5.3	4.9
National Average	4.7	4.1
<i>Source: Bureau of Labor Statistics</i>		

The unemployment rate has improved significantly during the evaluation period. The Reno MSA unemployment rate continues to improve over the statewide averages, and is consistent with national averages.

According to Moody’s Analytics as of March 2018, the year 2017 was marked as a booming year for the Reno, Nevada economy due to factors such as Tesla’s Gigafactory, an increase in population, decreased unemployment, and an increase in housing market values. Though 2018 is seeing less growth than recent years, this is a normal slow-down after tremendous growth. Moody’s identified Reno as still in “recovery” stage, but projects such as the 2014 announcement by Tesla to build its Gigafactory, has helped facilitate that recovery. The AA has experienced an increase in employment at a pace faster than the west-coast average. Home prices have almost doubled over the past five years. The main economic drivers identified by Moody’s are tourism, logistics, and retirees. The top employers in the county are: the University of Nevada – Reno, Renown Health, Peppermill Hotel Casino – Reno, and Grand Sierra Hotel and Casino.

Competition

PB’s Reno MSA AA is in a highly competitive market for financial services. According to the FDIC Deposit Market Share Report as of June 30, 2017, there were 16 financial institutions that operated 85 full-service branches within the Reno MSA AA. The majority of deposits are held at large, national banks operating and competing in the Washoe AA. The bank ranked 14th out of the 16 institutions with a negligible branch and deposit market share.

Community Contact

As part of this evaluation, examiners reviewed a recent community contact that focused on the Reno MSA AA and applicable product analyzed under the lending test.

The contact represented a non-profit small business development organization. This community contact identified the major industries of the area as hospitality, manufacturing, gaming, and government. The contact informed examiners that the area has recovered considerably since the recession; however, there is still a lingering effect, such as a significant lack of local housing stock. There is continued difficulty in securing financing by businesses, but not nearly as extreme as it was three to four years ago. The biggest opportunity for bank involvement identified by the contact would be educating the surrounding area about financial tools and

opportunities. Banks seem to be better equipped to handle business lending, though an increase in consumer lending is also needed.

Credit and Community Development Needs and Opportunities

As identified in community contact information shown above, credit and CD needs and opportunities are present with respect to housing affordability, as well as availability issues, small business financing, and financial literacy education.

The contact indicated that access to credit was still a need for starting or expanding small businesses. In addition, the lack of financial education of many of these potential or current small business owners is another concern. The contact indicated that many of these businesses would be more successful if they had access to financial education.

The contact also indicated that CD loans and investments are needed to address the lack of affordable housing stock. During the evaluation period, it is notable that CD activities of PB focused primarily on economic development and revitalization and stabilization, with only minimal affordable housing lending and no investments directed to affordable housing.

Since PB is a preferred SBA lender, it has a unique opportunity to be a leader in providing small business loans for economic development.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE RENO MSA ASSESSMENT AREA

LENDING TEST

PB demonstrated reasonable performance under the Lending Test in the Reno MSA. Reasonable Geographic Distribution and Borrower Profile support this conclusion. The institution's performance in the Reno MSA AA equals the bank's statewide performance, as it is the sole AA in the state of Nevada.

Geographic Distribution

The geographic distribution of loans reflects a reasonable dispersion throughout the Reno MSA AA. The bank's reasonable performance in small business lending supports this conclusion. Examiners focused primarily on the percentage by number of loans in LMI CTs.

The following table details PB's small business lending distribution by CT income level for the Reno MSA in 2016. The distribution of businesses by CT income level as estimated by D&B is included in the second column for demographic reference.

Geographic Distribution of Small Business Loans					
Assessment Area: Reno MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2016	10.6	0	0.0	0	0.0
Moderate					
2016	29.7	9	50.0	2,459	51.3
Middle					
2016	21.2	4	22.2	783	16.3
Upper					
2016	33.4	4	22.2	1,427	29.8
Not Available					
2016	5.2	1	5.6	125	2.6
Totals					
2016	100.0	18	100.0	4,794	100.0
<i>Source: 2016 D&B Data; 1/1/2016 - 12/31/2016 Bank Data</i>					
<i>Due to rounding, totals may not add up to 100.0 percent</i>					

PB's distribution of small business loans reflects reasonable dispersion throughout the Reno MSA AA due to adequate percentages of loans in LMI geographies.

In 2016, PB's had no lending in low-income CTs, while the D&B comparison percentage was 10.7 percent of businesses operating in low-income CTs. However, among moderate-income CTs, PB's percentage was 50.0 percent for 2016. This percentage was significantly above the D&B reported data of 29.7 percent for 2016.

Although not used as direct comparison, to provide additional perspective, examiners reviewed aggregate data from institutions that reported their small business loans within the Reno MSA AA. This data showed low-income CT proportions of 7.5 percent for 2016. This percentage indicates that PB performed consistently below the market performance for lending in low-income CTs during the evaluation period. The aggregate market lending in moderate-income CTs was 26.0 percent for 2016. PB's percentages significantly exceeded the market performance. Overall, PB's moderate-income CT performance was significantly higher than the demographics and the market by a substantial percent. Despite PB's lack of originations in low-income CTs, when used in conjunction with the bank's percentages in moderate-income CTs, its distribution of small business loans reflects reasonable dispersion among LMI CTs in the Reno MSA AA.

The following table details PB's small business lending distribution by CT income level for the Reno MSA in 2017. The distribution of businesses by CT income level as estimated by D&B is included in the second column for demographic reference.

Geographic Distribution of Small Business Loans					
Assessment Area: Reno MSA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2017	9.1	3	9.4	605	7.4
Moderate					
2017	26.0	13	40.6	4,088	50.0
Middle					
2017	27.5	7	21.9	1,482	18.1
Upper					
2017	31.6	9	28.1	2,004	24.5
Not Available					
2017	5.8	0	0.0	0	0.0
Totals					
2017	100.0	32	100.0	8,179	100.0
<i>Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data</i>					
<i>Due to rounding, totals may not add up to 100.0 percent</i>					

PB improved lending in low-income CTs in 2017 by originating three small business loans. The percentage of small business loans at 9.4 percent slightly exceeded the percentage of businesses at 9.1 percent in low-income CTs.

Although the percent of small business lending decreased from 50.0 percent in 2016 to 40.6 percent in 2017 in moderate-income CTs, the number of loans originated increased from 9 in 2016 to 13 in 2017 and exceeded the demographic percentage of businesses in moderate-income CTs at 26.0 percent.

Overall, PB's geographic distribution of small business loans reflects reasonable dispersion throughout the Reno MSA AA.

Borrower Profile

The distribution of borrowers reflects reasonable penetration of small business loans among businesses of different revenue sizes in the Reno MSA AA. The bank's reasonable small business lending supports this conclusion.

The following table details PB's rate of lending to businesses with GARs of \$1 million or less in the Reno MSA AA in 2016. The second column illustrates the distribution of businesses by revenue level as estimated by D&B surveys.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Reno MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2016	80.4	13	72.2	2,,816	58.7
>1,000,000					
2016	7.4	5	27.8	1,979	41.3
Revenue Not Available					
2016	12.2	0	0.0	0	0.0
Totals					
2016	100.0	18	100.0	4,794	100.0
<i>Source: 2015 & 2016 D&B Data; 1/1/2015 - 12/31/2016 Bank Data Due to rounding, totals may not add up to 100.0 percent</i>					

PB's distribution of small business loans is reasonable based on the adequate percentage of loans to businesses with GARs of \$1 million or less in the Reno MSA AA.

PB's lending at 72.2 percent to businesses with GARs of \$1 million or less in the Reno AA was moderately below the demographic comparisons at 80.4 percent for 2016. However, as previously stated, the demographic information cannot be assumed to correlate directly to demand for credit by qualified commercial applicants.

Although not used as direct comparison, examiners also reviewed aggregate lending data gathered from institutions required to report their CRA small business data. This aggregate data showed that loans to businesses with GARs of \$1 million or less represented 54.2 percent of aggregate totals in 2016. The proportions show that PB percentage of 72.2 percent for 2016 is well above the actual lending activity of CRA reporters in the market.

The following table details PB's rate of lending to businesses with GARs of \$1 million or less in the Reno MSA AA in 2017. The second column illustrates the distribution of businesses by revenue level as estimated by D&B surveys.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Reno MSA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2017	80.3	16	50.0	4,368	53.4
>1,000,000					
2017	7.5	16	50.0	3,811	46.6
Revenue Not Available					
2017	12.2	0	0.0	0	0.0
Totals					
2017	100.0	32	100.0	8,179	100.0
<i>Source: 2017 D&B Data; 1/1/2017 - 12/31/2017 Bank Data Due to rounding, totals may not add up to 100.0 percent</i>					

PB's rate of lending to businesses with GARs of \$1 million or less declined from 72.2 percent in 2016 to 50.0 percent in 2017. Nevertheless, the performance is considered reasonable and generally consistent with the CAA.

COMMUNITY DEVELOPMENT TEST

PB's CD performance demonstrates adequate responsiveness to CD needs in the Reno MSA AA through CD loans, qualified donations, and CD services, considering the bank's capacity, and the availability and need of such opportunities for CD in this AA. Even though this performance is inconsistent with the CAA, this one Nevada AA did not receive sufficient weight to reduce the overall outstanding rating. Further, this is a new AA for the bank since the prior evaluation and has been open only slightly more than two years. PB's CD activities in the AA for the review period of December 15, 2015, when the branch opened through the current evaluation date of April 13, 2018, are detailed in the following sections.

Community Development Lending

PB originated 8 CD loans totaling \$6.4 million in the Reno MSA AA for the evaluation period. This activity represents 3.8 percent by number and 9.7 percent by dollar volume of the total CD loans made during the evaluation period.

Refer to the CAA CD lending section of this evaluation for more detailed information.

Qualified Investments and Donations

PB did not grant any CD investments during the review period in the Reno MSA AA. PB granted 10 qualified donations totaling \$20,000 for the evaluation period. This activity represents 7.0 percent by number and 13.6 percent by dollar volume of the total qualified donations granted in the CAA.

Refer to the CAA qualified investments and donations for additional information.

Community Development Services

During the evaluation period, bank officers and employees volunteered 16 hours to 1 activity within the AA. Of the 2,938 hours spent with 107 total activities in the CAA, a negligible percent of the hours and activities were performed in the Reno MSA AA. The bank has only one branch office in the Reno MSA AA. In addition, the branch has been open only slightly more than two years.

Refer to the CAA CD services for additional information.

APPENDIX

Plumas Bank	
Scope of Examination: Full-Scope Intermediate Small Bank Examination Procedures	
State of California State of Nevada	
Time Period Reviewed:	05/26/2015 to 4/13/2018
Products Reviewed: Small Business Loans: January 1, 2016 – December 31, 2017	

List of Assessment Areas and Type of Evaluation			
Rated Area/ Assessment Area	Type of Evaluation	Branches Visited	Other Information
State of California:			
Non-MSA	Full-scope	None	None
Redding MSA	Limited-scope	None	None
Sacramento MSA	Limited Scope	None	None
State of Nevada:			
Reno MSA	Full-scope	None	None

Rated Areas' Ratings	
Rated Area's Name	Overall Rated Area's Rating
California	Satisfactory
Nevada	Satisfactory

GLOSSARY

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 metropolitan area/assessment area.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms;
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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. Other family 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).

Family Income: Includes the income of all members of a family that are age 15 and older.

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

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.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, 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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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 metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities 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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area: All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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 lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

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

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.