



# INTERMEDIATE SMALL BANK

---

Comptroller of the Currency  
Administrator of National Banks

---

Washington, DC 20219

## PUBLIC DISCLOSURE

November 7, 2011

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

TomatoBank, National Association  
Charter Number 23999

1241 Grand Avenue, Suite K  
Diamond Bar, CA 91765

Office of the Comptroller of the Currency

Los Angeles Field Office  
550 North Brand Boulevard, Suite 500  
Glendale, CA. 91203-1985

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

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

**The Lending Test is rated: Satisfactory**

**The Community Development Test is rated: Satisfactory**

The factors that support these ratings include:

- The loan-to-deposit ratio exceeds the standards for satisfactory performance and is more than reasonable.
- A majority of the bank's lending activity is inside its assessment area.
- Lending penetration among businesses of different sizes does not meet the standards for satisfactory performance and reflects poor penetration. Economic factors and the bank's performance context reasonably explain this performance.
- The performance for the geographic distribution of business loans meets the standards for satisfactory performance and reflects reasonable dispersion compared to the assessment area demographics.
- The performance for meeting the community needs through community development loans and qualified investments meets the standards for satisfactory performance. Community development services do not meet the standards for satisfactory performance. The bank's performance context reasonably explains this performance.

## **SCOPE OF EXAMINATION**

This Performance Evaluation (PE) assesses Tomatobank's CRA performance using Intermediate Small Bank CRA procedures. We performed a full-scope examination of the Los Angeles County assessment area. We evaluated the bank's reported Home Mortgage Disclosure Act (HMDA) loan data and small business loan data from January 1, 2009 through March 31, 2011. The HMDA loans were for commercial real estate (CRE) purposes and are not considered the bank's primary lending product. Therefore, we did not perform a separate analysis for HMDA reportable loans. Rather, we sampled a total of 30 CRE loans, which included 10 HMDA loans. In addition, we evaluated the bank's community development loans, investments, and services. The evaluation period for community development activities was from January 1, 2009 through November 7, 2011.

Prior to the CRA examination, we performed a data integrity examination to determine the accuracy of the HMDA and small business loan data. We determined the data to be reliable.

## DESCRIPTION OF INSTITUTION

TomatoBank N.A. (TB or the bank) is a wholly owned subsidiary of TFC Holding Company (TFC). The bank is TFC's only asset. TB opened in September 2000 under the prior name of InterBusiness Bank, N.A. The name change was effective August 8, 2006. The bank is headquartered in Diamond Bar, California.

TB operates six full-service branches throughout the greater Los Angeles area. Branches are located in the cities of Diamond Bar, Cerritos, Industry, Alhambra, West Los Angeles and Arcadia. In October 2009, the bank closed the Chula Vista branch location. The six branches offer traditional deposit and loan products to both businesses and consumers. Branch hours of operations are comparable to other local financial institutions. Additionally, bank customers are provided 24-hour access to their accounts via the bank's internet banking services.

As of September 30, 2011, the bank reported total assets of \$407 million, of which \$318 million (78 percent) were centered in loans. The loan portfolio was comprised of \$281 million in business loans secured by CRE (85 percent), \$37 million in commercial & industrial loans (11 percent), and \$15,000 in consumer loans (< 1 percent). TB is primarily a commercial lender. However, consumer loans are granted to existing customers as an accommodation. See the following table for details on the loan portfolio.

<b>Loan Portfolio Summary by Loan Product September 30, 2011</b>	
<b>Loan Category</b>	<b>% of Outstanding Dollars</b>
Commercial Real Estate	85%
Commercial & Industrial Loans	11%
Land Loans	2%
Residential Real Estate Loans	2%
Consumer Loans	<1%

The bank has no financial impediments that would affect its ability to meet the credit needs of its assessment area. However, the bank's ability to lend and participate in community development activities in its assessment area have been somewhat impacted by the terms of a formal enforcement action with its primary regulatory agency. The bank received a "Satisfactory" rating at the prior CRA examination performed on August 27, 2007.

## DESCRIPTION OF THE LOS ANGELES COUNTY ASSESSMENT AREA

The bank has designated the entire county of Los Angeles as its CRA assessment area (AA), which is comprised of 2,054 census tracts. The AA meets regulatory requirements and does not arbitrarily exclude low- or moderate-income geographies. The AA is situated in the Los Angeles-Long Beach-Santa Ana Metropolitan Statistical Area (MSA). The following chart provides demographic information of the bank's designated AA.

Demographic Information for Los Angeles County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,054	8.71	28.29	27.99	34.23	0.78
Population by Geography	9,519,338	8.00	29.44	30.88	31.58	0.10
Owner-Occupied Housing by Geography	1,499,694	1.91	15.46	31.30	51.33	0.00
Business by Geography	769,909	7.76	20.54	26.26	44.69	0.75
Farms by Geography	5,966	3.54	14.80	31.11	50.18	0.37
Family Distribution by Income Level	2,154,311	23.87	16.49	17.40	42.24	0.00
Distribution of Low-and Moderate-Income Families throughout AA Geographies	869,463	13.65	41.46	28.95	15.94	0.00
Median Family Income (MFI) HUD Adjusted Median Family Income 2010		\$53,036 \$63,000	Median Housing Value (California Association of Realtors - June 2011)			\$301,000

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

Source: 2010 U.S. Census, 2010 HUD updated MFI, and June 2011 California Association of Realtors

TB conducts business in a highly competitive banking environment. The bank competes with many other financial institutions for loans and deposits. As of the most recent Deposit Market Share Report dated June 30, 2011, there were 126 institutions operating 1,765 branches in the AA. Of these 126 institutions, the four largest banks (Bank of America, Wells Fargo, Union, and Chase) hold 54 percent of the deposits in AA. TB's deposit market share is 0.14 percent. Bank management considers major institutions, community banks, and minority-owned banks servicing Asian communities as their competition.

Los Angeles is a complex, highly diverse urban area that includes 88 cities and a number of unincorporated areas. The largest industries in Los Angeles County are service, retail trade, wholesale trade, finance, insurance and real estate, and manufacturing. However, the "new economy" is largely technology driven as employment growth trends are centered in information. International trade is a major driver of the area's economy. The Port of Los Angeles/Long Beach and the Los Angeles International Airport are two of the busiest transportation networks in the nation. The Los Angeles Customs District is the nation's largest. The value of two-way trade passing through Los Angeles totaled \$357.3 billion in 2008. The top five employers in the Los Angeles area are: The University of California, Kaiser Permanente, Northrop Grumman Corporation, The Boeing Company, and The Kroger Company.

Weak overall employment in the AA is generally reflective of the nationwide economic downturn. Continued contractions in aerospace, construction, and manufacturing in the AA are delaying economic recovery from the prolonged recessionary environment. In December 2010, the Los Angeles unemployment rate peaked at 12.7 percent, which is well above the national rate of 9.0 percent. While the Los Angeles unemployment rate dropped to 11.9 percent in May 2011, job growth trends are reported to be inconsistent among various sectors, and are relatively flat overall.

Housing affordability remains an ongoing problem in the AA (and in Southern California in general). This is due to a number of factors including the high unemployment rate and a high median housing value of \$301,000. The 2010 HUD report indicates an adjusted median family income for the area of \$63,000. And, among the total population of 9.5 million in the AA, 15 percent are living below the poverty level.

Community contacts indicate there are significant credit and community development needs to low- and moderate-income individuals. The predominant needs of the community are 1) foreclosure prevention counseling, 2) affordable housing, 3) technical assistance and financing for small businesses, and 4) financial literacy education.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The Lending Test is rated Satisfactory. During the evaluation period, TB granted the majority of its loans within the AA. The bank's performance for the geographic distribution portion of the test reflects reasonable dispersion when compared to area demographics. Lending to borrowers of different incomes and to businesses of different sizes portion of the test reflects poor penetration.

### Loan-to-Deposit Ratio

TB's loan-to-deposit (LTD) ratio exceeds the standards for satisfactory performance and is more than reasonable given the size, financial condition and credit needs of the AA. The quarterly average LTD ratio for the previous 16 quarters ending March 31, 2011 was 97 percent.

The bank's average LTD ratio compares favorably with other financial institutions of similar size, location and product offerings. We compared five similarly situated banks and found the average LTD ratios for the other five banks over the same time period was 92 percent.

### Lending in Assessment Area

Lending in the AA meets the standards for satisfactory performance. A majority of the bank's loans were made within the AA, both by number and dollar volume. See Table 1 for details.

Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial Real Estate	20	67	10	33	30	32,430	58	23,145	42	55,575

*Source: Bank loan data; 30 CRE loans sampled*

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

Lending performance to businesses with less than \$1 million in revenues does not meet the standards for satisfactory performance. The bank's distribution of loans to businesses of different sizes reflects poor penetration in the AA, and is significantly lower than the demographic data in the AA.

The performance of lending to small businesses is adversely affected by the bank's performance context. The bank operates in a strong competitive environment and holds less than one percent of the deposit market share in their AA, with four larger institutions holding 54 percent. Additionally, the weak local economy has resulted in a reduction in lending opportunities to businesses with revenues less than \$1 million. As a result, it is more difficult to attract qualified small business borrowers. See Table 2 for details.

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown*	Total
% of AA Businesses	68%	3%	29%	100%
% of Bank Loans in AA by #	45%	10%	45%**	100%
% of Bank Loans in AA by \$	14%	3%	83%	100%

\* Many businesses do not provide revenue information

\*\* 45 percent of newly formed Limited Liability Corporations did not provide revenue data to the bank

Source: Dun and Bradstreet, Bank loan data; 30 CRE loans sampled

## Geographic Distribution of Loans

The geographic distribution of loans meets the standards for satisfactory performance and reflects reasonable dispersion compared to area demographics. Lending to small businesses located in low- and moderate-income tracts meets the demographic data. The demographic data shows that within the AA, the bank meets the low-income demographics, and exceeds the moderate-income demographics. See Table 3 for details.

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans						
CRE Loans	6.5%	5%	18.7%	25%	26.4%	45%	47.6%	25%

Source: Bank loan data; 30 CRE loans sampled

## **Community Development Tests**

The Community Development Test is rated Satisfactory. During the evaluation period, TB provided \$10.8 million in community development loans and CRA qualified investments to help meet the community development needs of its AA. Bank employees provided financial expertise and donations to two organizations in the AA whose primary purpose does not meet the standards to qualify for consideration under the CRA. Nevertheless, the level of community development lending and investing activities reflects adequate responsiveness given the bank's performance context.

### Community Development Loans

Community development loan activities meet the standards for satisfactory performance and reflect adequate responsiveness to the needs within the AA. The bank originated four community development loans totaling \$7.2 million. These loans were made under the SBA 504 Community Development Corporation program, which is designed to encourage economic development within local communities. The loans help to provide job creation and retention for low- and moderate-income individuals, and for the revitalization and/or stabilization of projects in low- and moderate-income geographies.

### Community Development Investments

Community development investment activities meet the standards for satisfactory performance and reflect adequate responsiveness to the needs within its AA. During the evaluation period, the bank purchased a \$3.6 million Fannie Mae Delegated Underwriting and Servicing (DUS) Bond that qualifies for community development consideration as it benefits a Low Income Housing Tax Credit property located within the bank's AA.

The bank made donations totaling \$2,500 to a community organization. However, these donations did not meet the standards for community development consideration because the primary purpose of the organization does not meet the community development criteria.

### Community Development Services

The bank's community development services program demonstrates poor responsiveness to the needs within its AA. The bank's retail banking services meet the community's needs, but community development services need improvement.

The distribution of branches and service delivery systems are satisfactory and accessible to businesses and individuals of different income levels within the AA. The bank has six full-service branch locations, two of which have full service Automated Teller Machines (ATM) (West Los Angeles and Arcadia). Branch hours are comparable to other local financial institutions. Additionally, the bank offers internet banking services.

However, the extent and innovativeness of community development services needs to improve. Bank employees volunteered their time and banking expertise to one organization in the AA. This activity does not qualify for community service consideration because the primary purpose of the organization does not meet the community development criteria.

**Responses to Complaints**

The bank has not received any complaints associated with its CRA performance.

**Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices.