

# **PUBLIC DISCLOSURE**

March 18, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

CalPrivate Bank  
Certificate Number: 58291

9404 Genesee Ave  
La Jolla, California 92037

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

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

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

## TABLE OF CONTENTS

INSTITUTION RATING .....	1
DESCRIPTION OF INSTITUTION .....	3
DESCRIPTION OF ASSESSMENT AREAS.....	4
SCOPE OF EVALUATION.....	6
CONCLUSIONS ON PERFORMANCE CRITERIA.....	7
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	12
SAN DIEGO ASSESSMENT AREA – Full-Scope Review .....	13
DESCRIPTION OF INSTITUTION’S OPERATIONS IN SAN DIEGO ASSESSMENT AREA .....	13
CONCLUSIONS ON PERFORMANCE CRITERIA IN SAN DIEGO ASSESSMENT AREA	15
LOS ANGELES ASSESSMENT AREA – Full-Scope Review .....	21
DESCRIPTION OF INSTITUTION’S OPERATIONS IN LOS ANGELES ASSESSMENT AREA.....	24
CONCLUSIONS ON PERFORMANCE CRITERIA IN LOS ANGELES ASSESSMENT AREA.....	24
APPENDICES .....	31
LARGE BANK PERFORMANCE CRITERIA.....	31
SCOPE OF EVALUATION .....	33
DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS.....	34
GLOSSARY .....	35

## INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area (AA), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

**The Lending Test is rated High Satisfactory.**

- Lending levels reflect good responsiveness to AA credit needs.
- An adequate percentage of loans are made in the institution’s AAs.
- The geographic distribution of loans reflects good penetration throughout the AAs.
- The distribution of borrowers reflects, given the product lines offered by the bank, adequate penetration among business customers of different revenue sizes.
- The bank exhibits a good record of serving the credit needs of the most economically disadvantaged areas of its AAs, low-income individuals, and/or very small businesses, consistent with safe and sound banking practices.
- The bank has made a relatively high level of community development (CD) loans.
- The bank uses innovative and/or flexible lending practices in order to serve AA credit needs.

**The Investment Test is rated High Satisfactory.**

- The institution has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits good responsiveness to credit and CD needs.

- The institution occasionally uses innovative and/or complex investments to support CD initiatives.

**The Service Test is rated High Satisfactory.**

- Delivery systems are reasonably accessible to essentially all portions of the institution's AAs.
- The institution did not open or close any branches since the prior CRA Evaluation; therefore, this criterion was not considered.
- Services (including, where appropriate, business hours) do not vary in a way that inconveniences portions of the AAs, particularly LMI geographies and/or individuals.
- The institution provides a relatively high level of CD services.

## DESCRIPTION OF INSTITUTION

CalPrivate Bank (CPB) is a state-chartered commercial bank headquartered in La Jolla, California. CPB is a wholly-owned subsidiary of Private Bancorp of America, Inc., a one-bank holding company based in La Jolla, California. The institution received a Satisfactory rating at its previous FDIC CRA Performance Evaluation dated February 22, 2021, based on Interagency Intermediate Small Institution Examination Procedures. Since the prior evaluation, CPB has met the two consecutive year requirement based on asset size threshold and will be evaluated based on Interagency Large Institution Examination Procedures. CPB operates six full-service branches in the cities of La Jolla, Coronado, San Diego, Newport Beach, El Segundo, and Beverly Hills, California.

CPB continues to be primarily a commercial lender serving high net worth individuals and businesses with complex financial needs. CPB offers commercial loan products, including commercial real estate loans, construction and development loans, equipment loans, and commercial lines and letters of credit. CPB is a designated Small Business Administration (SBA) division and is a Preferred Lender offering loans in the SBA's 7(a), 504, and Paycheck Protection Program (PPP) loan programs. CPB offers various deposit products for both businesses and consumers, including checking accounts, savings accounts, money market accounts, and time deposit accounts. Other banking products include debit cards, credit cards, individual retirement accounts, treasury management, merchant services, and safe deposit boxes. Alternate delivery systems offered include internet banking on the website [www.calprivate.bank](http://www.calprivate.bank), online bill pay, a mobile application, remote deposit capture, and night depositories. The bank has not changed its business strategy since the prior evaluation.

Assets totaled \$2.1 billion according to the December 31, 2023 Reports of Condition and Income (Call Report), including total loans of \$1.8 billion and total deposits of \$1.8 billion. The distribution of the loan portfolio by loan type is illustrated in the following table.

<b>Loan Portfolio Distribution as of 12/31/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	33,654	1.8
Secured by Farmland	2,630	0.1
Secured by 1-4 Family Residential Properties	150,913	8.2
Secured by Multifamily (5 or more) Residential Properties	168,324	9.1
Secured by Nonfarm Nonresidential Properties	1,128,127	61.0
<b>Total Real Estate Loans</b>	<b>1,483,648</b>	<b>80.2</b>
Commercial and Industrial Loans	344,799	18.7
Agricultural Loans	0.0	0
Consumer Loans	3,275	0.2
Other Loans	16,673	0.9
Less: Unearned Income	0.0	0
<b>Total Loans</b>	<b>1,848,395</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		
<i>Due to rounding, totals may not equal 100.0%</i>		

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

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. CPB designated two AAs comprised of three counties throughout California. Since the prior evaluation, there were no branch closure or opening activities and the delineation of the institution’s AA has not changed.

CPB designated two AAs comprising of three whole counties in Southern California:

- San Diego AA – comprised of San Diego County, which is fully contained in the San Diego-Carlsbad-San Marcos, California, MSA.
- Los Angeles AA – comprised of the contiguous counties of Los Angeles and Orange, which are part of the Los Angeles-Long Beach, California, Combined Statistical Area. Los Angeles County constitutes the Los Angeles-Long Beach-Glendale, California, Metropolitan Division; Orange County constitutes the Santa Ana-Anaheim-Irvine, California Metropolitan Division.

The Census Bureau released the updated 2020 U.S. Census data during the evaluation period. The update included changes to the total number of census tracts (CTs) within each AA, as well as income tract designations. The following table details the changes of CTs below:

San Diego AA	2015 ACS CTs		2020 U.S. Census CTs	
	#	%	#	%
Low	61	9.7	46	6.2
Moderate	142	22.6	167	22.7
Middle	204	32.5	262	35.5
Upper	214	34.1	248	33.7
N/A	7	1.1	14	1.9
<b>Total</b>	<b>628</b>	<b>100.0</b>	<b>737</b>	<b>100.0</b>

*Source: 2015 ACS, 2020 U.S. Census*

Los Angeles AA	2015 ACS CTs		2020 U.S. Census CTs	
	#	%	#	%
Low	266	9.1	178	5.7
Moderate	821	28.0	856	27.5
Middle	760	26.0	926	29.8
Upper	1,028	35.1	1,071	34.4
N/A	54	1.8	81	2.6
<b>Total</b>	<b>2,929</b>	<b>100.0</b>	<b>3,112</b>	<b>100.0</b>

*Source: 2015 ACS, 2020 U.S. Census*

The following table details the counties and the number of CTs and branches located within each AA based on 2015 American Community Survey (ACS) Census data

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of CTs	# of Branches
Los Angeles AA	Los Angeles and Orange	2,929	3
San Diego AA	San Diego	628	3
<b>Total</b>		<b>3,557</b>	<b>6</b>

*Source: 2015 ACS, 2020 U.S. Census ; Bank Records*

The following table details the counties and the number of CTs and branches located within each AA based on 2020 U.S. Census data.

<b>Description of Assessment Areas</b>			
<b>Assessment Area</b>	<b>Counties in Assessment Area</b>	<b># of CTs</b>	<b># of Branches</b>
Los Angeles AA	Los Angeles and Orange	3,112	3
San Diego AA	San Diego	737	3
<b>Total</b>		<b>3,849</b>	<b>6</b>
<i>Source: 2015 ACS, 2020 U.S. Census ; Bank Records</i>			

The AAs comply with the technical requirements of CRA and do not arbitrarily exclude LMI neighborhoods. Refer to the individual AA sections of this evaluation for details on the bank’s operations in each AA and relevant economic, demographic, competition, and other additional information.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated February 22, 2021, to the current evaluation dated March 18, 2024. Examiners used Interagency Large Institution Examination Procedures to evaluate CPB’s CRA performance. Examiners relied on records provided by the institution, reported loan data, public financial and economic information, demographic data, and community contacts.

Examiners evaluated the performance in the San Diego and Los Angeles AAs using full-scope examination procedures. Both AAs were given equal weight with San Diego AA as the bank’s headquarter location with the same number of open branches as the Los Angeles AA that contains the significant majority of loans and larger CT coverage.

### **Activities Reviewed**

Examiners determined that CPB’s major product line is small business loans. This conclusion primarily considered the bank’s business strategy, loan portfolio composition, and lending activity during the evaluation period. The bank only makes home mortgage loans on an accommodation basis, does not offer small farm loans, and consumer lending is nominal. These products do not represent major product lines. Therefore, they provided no material support for conclusions or ratings and are not analyzed or presented.

For the Lending Test, examiners reviewed and analyzed the universe of reported small business loans originated or purchased from January 1, 2021, to December 31, 2023. In 2021, CPB originated 620 small business loans totaling \$222.8 million. In 2022, CPB originated 125 small business loans totaling \$70.3 million; and in 2023, the institution made 182 small business loans totaling \$102.2 million.



Examiners analyzed the number and dollar volume of small business loans under the Lending Test. While both number and dollar volume of loans are presented, examiners emphasized performance by number of loans as this is generally a better indicator of the number of businesses served.

The 2021 lending performance was compared to the 2015 ACS Census data and the 2022 and 2023 lending performance were compared to the updated 2020 U.S. Census data. The Census Bureau released the updated 2020 U.S. Census data, and the update included changes in the total number of CTs within the AAs as well as income tract designations. From the 2015 ACS Census to 2020 U.S. Census data, the total number of CTs in the AAs increased from a total of 3,557 to 3,849, with 103 less low-income CTs and 60 additional moderate-income CTs.

Other sources of comparable data included 2021, 2022, and 2023 D&B data, 2021 and 2022 small business aggregate data, and other information gathered as part of the evaluation process, including community contacts. Aggregate small business data for 2023 is not yet available at the time of this evaluation.

Examiners reviewed all CD loans, qualified investments, and services from the date of the prior evaluation through March 18, 2024. The evaluation of CD investments also includes prior-period qualified investments still outstanding as of March 18, 2024. The evaluation of CD activities is limited to those loans, investments, and services for which management could demonstrate meet the primary purpose of CD. Examiners evaluated CD activities quantitatively based on the financial capacity of the bank and qualitatively based upon the impact to the AA. There were no similarly situated institution to compare the bank's performance during the review period.

Finally, examiners reviewed retail banking products and services targeted to LMI individuals or small businesses or that are tailored to meet the needs of the AA. Examiners also reviewed retail delivery systems, such as branch office and alternative delivery systems.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The Lending Test performance is rated "High Satisfactory." Good lending activity, an adequate percentage of AA concentration, good geographic distribution, adequate borrower profile, and a relatively high level of CD lending primarily support this rating. The institution's overall performance is consistent with the conclusions for each AA. Refer to each AA for a detailed analysis.

#### **Lending Activity**

CPB's lending levels reflect good responsiveness to the credit needs of the AAs. In the evaluation period from January 1, 2021, to December 31, 2023, CPB originated 636 small business loans totaling \$256.5million, equaling 13.9 percent of average total loans in the AAs since the prior evaluation. The bank's ability to make small business loans in 2021 was largely affected by the COVID-19 pandemic and the associated SBA PPP. The PPP lending reflects positively on the

small business lending performance and indicates that the institution was responsive to increased loan demand during the COVID-19 pandemic. Of the 636 small business loans, 371 were SBA PPP loans totaling \$73.0 million. Refer to each rated area for more information.

**Assessment Area Concentration**

Overall, CPB made an adequate percentage of loans inside the AAs. The following table shows the lending activity by year during the evaluation period.

<b>Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Small Business										
2021	439	70.8	181	29.2	620	147,640	66.3	75,116	33.7	222,756
2022	81	64.8	44	35.2	125	43,553	61.9	26,767	38.1	70,320
2023	116	63.7	66	36.3	182	65,280	63.9	36,909	36.1	102,189
<b>Total</b>	<b>636</b>	<b>68.6</b>	<b>291</b>	<b>31.4</b>	<b>927</b>	<b>256,473</b>	<b>64.9</b>	<b>138,792</b>	<b>35.1</b>	<b>395,265</b>
<i>Source: Bank Data</i>										
<i>Due to rounding, totals may not equal 100.0%</i>										

**Geographic Distribution**

The geographic distribution of loans reflects good penetration throughout the AAs. Examiners noted no conspicuous lending gaps in the geographic distribution of loans. The institution’s overall performance is consistent with the conclusions for each AA. Refer to each AA’s geographic distribution criteria section for details.

**Borrower Profile**

The distribution of borrowers reflects, given the demographics of the AAs, adequate penetration among businesses of different revenue sizes. The institution’s overall performance is consistent with the conclusions for each AA. Refer to each AA’s borrower profile criteria section for details.

**Innovative or Flexible Lending Practices**

CPB uses innovative and/or flexible lending practices in order to serve AA credit needs. CPB offers and participates in several lending programs in support of economic development for small businesses and consumers and businesses affected by the COVID-19 pandemic. The following table presents innovative or flexible loan programs offered during the evaluation period.

Innovative or Flexible Lending Programs								
Type of Program	01/01/2021 – 12/31/2021		2022		2023		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
SBA 7(a)	41	24,405	20	12,691	22	9,314	83	46,640
SBA 504	64	38,635	32	17,981	77	46,188	173	104,197
SBA PPP Loan	371	73,033	0	0	0	0	371	73,033
<b>Totals</b>	<b>476</b>	<b>136,073</b>	<b>52</b>	<b>30,672</b>	<b>99</b>	<b>55,502</b>	<b>627</b>	<b>223,870</b>

*Source: Bank Data 01/01/2021 – 03/18/2024*

- SBA Lending – CPB continues to be designated as a SBA Preferred Lender, which allows the bank to approve loans on behalf of the SBA and expedite the loan approval process to the benefit of the borrower. CPB originates loans under the SBA 504, and 7(a) loan program. During the evaluation period, CPB originated 627 SBA loans totaling \$223.9 million. While SBA loans are not considered innovative, they offer small business borrowers alternative financing when conventional financing may not be an option.
- SBA PPP Loans – The program was created in 2020 and structured to help small businesses and other organizations during the COVID-19 pandemic by providing fully forgivable loans that can be used to help preserve jobs and cover other specific business expenses. CPB originated 371 PPP loans totaling \$73.3 million in 2021 since the prior evaluation.

### **Community Development Loans**

CPB has made a relatively high level of CD loans. During the evaluation period, CPB originated 76 CD loans totaling \$189.8 million. The current dollar amount of qualified CD lending equates to 8.8 percent of average total assets and 10.3 percent of average total loans since the prior evaluation. The following table shows the bank’s CD lending in the AA by year and CD purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	3	7,728	0	0	14	26,835	1	2,000	<b>18</b>	<b>36,563</b>
2022	2	6,068	1	3,100	13	25,371	2	6,805	<b>18</b>	<b>41,344</b>
2023	1	3,000	0	0	26	66,884	1	10,000	<b>28</b>	<b>79,884</b>
YTD 2024	0	0	1	3,000	11	29,017	0	0	<b>12</b>	<b>32,017</b>
<b>Total</b>	<b>6</b>	<b>16,796</b>	<b>2</b>	<b>6,100</b>	<b>64</b>	<b>148,107</b>	<b>4</b>	<b>18,805</b>	<b>76</b>	<b>189,808</b>

*Source: Bank Data*

There were no similarly situated institution to compare during this evaluation period. Refer to the individual AA sections for notable examples.

## INVESTMENT TEST

The Investment Test is rated “High Satisfactory.” The institution’s overall performance is consistent with the conclusions for each AA.

### Investment and Grant Activity

CPB has a significant level of CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. Overall, CPB made 22 qualified investments totaling \$18.6 million and 72 donations totaling \$301,000. The current dollar amount of qualified investments and donations equates to 1.1 percent of average total assets and 19.0 percent of average total securities since the prior evaluation. The following table shows the bank’s qualified investments by year and CD purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	2,556	0	0	2	253	0	0	3	2,809
2021	1	1,000	0	0	4	2,262	0	0	5	3,262
2022	1	1,500	0	0	5	5,273	0	0	6	6,773
2023	0	0	0	0	7	4,772	0	0	7	4,772
YTD 2024	1	1,000	0	0	0	0	0	0	1	1,000
<b>Subtotal</b>	<b>4</b>	<b>6,056</b>	<b>0</b>	<b>0</b>	<b>18</b>	<b>12,560</b>	<b>0</b>	<b>0</b>	<b>22</b>	<b>18,616</b>
Qualified Grants & Donations	0	0	65	253	7	48	0	0	72	301
<b>Total</b>	<b>4</b>	<b>6,056</b>	<b>65</b>	<b>253</b>	<b>25</b>	<b>12,608</b>	<b>0</b>	<b>0</b>	<b>94</b>	<b>18,917</b>

*Source: Bank Data*

During the review period, CPB made a new nationwide investment totaling \$2.5 million in an SBIC fund, which supports a portfolio of small businesses to promote economic development. The fund was allocated to several small businesses across the U.S., including the bank’s Los Angeles AA. Furthermore, CPB maintained a prior period investment in a statewide mortgage-backed security to support affordable housing. The mortgage pool consists of 11 mortgages all to LMI borrowers in both the bank’s AAs. Refer to the individual AA sections for notable examples.

### Responsiveness to Credit and Community Development Needs

The institution exhibits good responsiveness to credit and CD needs. CPB’s qualified CD investments supported affordable housing and economic development, which were primary CD needs for the AAs.

## Community Development Initiatives

The institution occasionally uses innovative and/or complex investments to support CD initiatives. The bank’s investments consisted of low-income housing tax credits, SBIC fund, mortgage-backed security, deposits in Minority Deposit Institutions (MDI) and CDFIs, and stock in a CDFI. While not particularly innovative or complex, some of these investments are not routinely provided by private investors.

## **SERVICE TEST**

The Service Test is rated “High Satisfactory.” CPB’s relatively high level of CD services primarily supports this rating. The institution’s overall performance is generally consistent with the conclusions for each AA.

## Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the institution’s AAs. CPB’s delivery systems are consistent throughout the AAs. The following table shows the distribution of CTs, population, and branches in the AAs by tract income level.

<b>Branch and ATM Distribution by Geography Income Level</b>						
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	224	5.8	904,411	5.5	0	0.0
Moderate	1,023	26.6	4,543,342	27.5	0	0.0
Middle	1,188	30.9	5,226,536	31.7	0	0.0
Upper	1,319	34.3	5,644,679	34.2	4	66.7
NA	95	2.5	180,664	1.1	2	33.3
<b>Totals</b>	<b>3,849</b>	<b>100.0</b>	<b>16,499,632</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census &amp; Bank Data Due to rounding, totals may not equal 100.0%</i>						

CPB currently operates six branches within its AAs. The bank does not have any branches in LMI tracts. It is noted that two of the branches are in tracts with no income designation. Aggregate data shows that all institutions operating within the AAs had 3.4 percent and 19.4 percent of their branches located within LMI CTs, respectively. CPB does not have any proprietary ATMs at its branches or other locations. However, clients can use their CPB ATM or Visa debit card at any ATM and will get reimbursed for the surcharges (up to \$25.00) assessed by other banks.

Additional alternative systems for delivering retail services include online and mobile banking, consumer mobile deposit, consumer and business bill pay, electronic periodic statements, and

remote deposit capture. The bank offers the same alternative delivery systems throughout its AAs; therefore, alternative delivery systems will not be discussed at the individual AA level.

**Changes in Branch Locations**

CPB did not open or close any branches during the evaluation period; therefore, examiners did not evaluate this criterion.

**Reasonableness of Business Hours and Services**

Services (including, where appropriate, business hours) do not vary in a way the inconveniences portions of the AAs, particularly in LMI geographies and/or individuals. Services and business hours are consistent throughout the AAs. All of the branches have the same banking hours from 9:00 a.m. to 5:00 p.m. Monday through Friday. Further, all of CPB’s branches are full-service and offer the same loan and deposit products. There are some differences in the offering of safety deposit boxes and night depository, which is discussed under the applicable AA.

**Community Development Services**

CPB provides a relatively high level of CD services. During the evaluation period, six Directors and 34 senior officers and employees provided 4,864 hours of CD services to 40 different organizations throughout the AAs. CPB’s hours slightly decreased by 3.4 percent when compared to the prior evaluation performance. The majority of the hours supported community services targeted to LMI individuals. The following table shows the institution’s CD service hours by year and CD purpose.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2021	10	1,557	237	10	<b>1,814</b>
2022	7	1,267	258	6	<b>1,538</b>
2023	7	1,087	396	5	<b>1,495</b>
YTD 2024	0	17	0	0	<b>17</b>
<b>Total</b>	<b>24</b>	<b>3,928</b>	<b>891</b>	<b>21</b>	<b>4,864</b>
<i>Source: Bank Data</i>					

Refer to the individual AA sections for notable examples.

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

The bank’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## SAN DIEGO ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN SAN DIEGO ASSESSMENT AREA

The AA consists of the entirety of San Diego County that is fully contained in the San Diego-Carlsbad-San Marcos, California, MSA. CPB is headquartered and operates three full-service branches in the San Diego AA.

#### **Economic and Demographic Data**

Based on 2020 U.S. Census data, the AA consists of 737 CTs, of which 46 are low-, 167 are moderate-, 262 are middle-, 248 are upper-income, and 14 CTs have no income designation. The following table illustrates select demographic, housing, and business information in the AA.

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: San Diego AA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	737	6.2	22.7	35.5	33.6	1.9
Population by Geography	3,298,634	6.5	24.5	34.6	33.4	1.0
Housing Units by Geography	1,215,528	5.7	23.0	36.0	34.9	0.4
Owner-Occupied Units by Geography	609,350	2.4	15.8	37.2	44.4	0.2
Occupied Rental Units by Geography	521,353	9.8	31.5	34.7	23.3	0.7
Vacant Units by Geography	84,825	4.4	21.9	36.0	37.4	0.3
Businesses by Geography	445,045	3.8	17.4	34.2	43.7	0.9
Farms by Geography	8,200	3.4	17.8	38.6	40.0	0.2
Family Distribution by Income Level	759,418	22.8	17.3	18.7	41.2	0.0
Household Distribution by Income Level	1,130,703	24.4	16.0	17.6	42.0	0.0
Median Family Income MSA - 41740 San Diego-Chula Vista-Carlsbad, CA MSA		\$95,623	Median Housing Value			\$619,119
			Median Gross Rent			\$1,778
			Families Below Poverty Level			7.2%

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

*Due to rounding, totals may not equal 100.0%*

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

The AA's 445,045 businesses reported gross annual revenues (GARs) as follows:

- 91.9 percent had \$1 million or less,
- 2.8 percent had more than \$1 million, and
- 5.3 percent did not report revenue information.

Services represent the largest industry at 39.2 percent of businesses followed by non-classifiable establishments at 21.1 percent; finance, insurance, and real estate at 12.4 percent; and retail trade at 10.0 percent.

### ***San Diego County***

According to the February 2024 Moody's Analytics Report, San Diego-Carlsbad economy is on shaky ground and will continue to slow in line with the state of California. Tourism will contribute modestly to growth, while technology will struggle. Job growth trails that of the state and monthly declines are nearly as common as monthly gains. Leisure/hospitality, healthcare, and local government gains are barely offsetting persistent losses from technology and manufacturing. The unemployment rate is on the ascent even as the labor force contracts, indicating that job cuts are discouraging workers and some are dropping out of the labor market. Limited supply will keep a floor under house prices even as the market cools in the year ahead. Housing affordability ranks among the least affordable large metro areas nationwide and house prices are significantly overvalued. The top employers include the 32<sup>nd</sup> St. Naval Station, Collins Aerospace, MCCS MCRD San Diego Marine Corps, University of California San Diego, and Kaiser Permanente Vandever Med.

### **Competition**

The AA is highly competitive for financial services. According to the June 30, 2023 FDIC Deposit Market Share Report, the AA had 45 financial institutions operating 465 branches with a total of \$121.7 billion in deposits. A number of large national and regional financial institutions operate in the AA. Collectively, the top three financial institutions in the AA control approximately 53.1 percent of the deposit market share and approximately 50.1 percent of the branches. CPB maintains \$1.1 billion in total deposits, representing 0.9 percent of the AA deposit market share and ranking 14<sup>th</sup> among the other financial institutions.

### **Community Contacts**

Examiners reviewed an existing community contact with a small business development corporation to help understand the financial and banking needs of the local communities. The contact noted that while the volume of start-up businesses was high in the post-pandemic recovery, increasing interest rates, increasing costs to acquire and maintain new business loans, and economic uncertainty had slowed business expansion and reduced credit availability. Other needs include small business financial education including offering industry specific education. In regards to small business financing, there are opportunities for financial institutions to make small business loans in conjunction with state or federal guarantee lending programs. The contact also noted that some



financial institutions are unaware of these programs. Lastly, the contact noted a need for providing pass-through grants to small businesses for technology and equipment.

### **Credit and Community Development Needs and Opportunities**

Based on economic and demographic data, community contact, and bank information, examiners determined that demand for small business loans represent a primary AA credit need. Further, there is a need for education in relation to financing options and small business loans. The significant percentage of businesses with revenues of \$1.0 million or less and those with four or fewer employees helps support this conclusion. There is also a need for affordable housing and business capital.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN SAN DIEGO ASSESSMENT AREA**

### **LENDING TEST**

Overall, CPB's lending Test performance in the San Diego AA is good. Good lending activity, good geographic distribution, adequate borrower profile, and good level of CD lending primarily support this rating.

### **Lending Activity**

CPB's lending levels reflect good responsiveness to the San Diego AA credit needs. There is a high level of competition for small business loans. During the evaluation period, the bank originated or purchased 300 small business loans totaling \$111.5 million in the AA. Market share ranking was not available since the bank was not required to collect and report loan data until 2023.

### **Geographic Distribution**

CPB's geographic distribution of loans reflects good penetration throughout the San Diego AA. The following table shows the distribution of CPB's small business loans by CT income level.

Geographic Distribution of Small Business Loans							
Assessment Area: San Diego							
Tract Income Level		% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low							
	2021	5.6	5.2	19	9.6	5,475	9.7
	2022	3.8	3.4	0	0.0	0.0	0.0
	2023	3.8	--	2	3.2	1,362	4.0
Moderate							
	2021	14.7	14.3	15	7.6	5,129	9.1
	2022	17.7	16.7	12	30.0	6,363	29.9
	2023	17.4	--	11	17.7	7,977	23.5
Middle							
	2021	34.7	34.6	58	29.3	17,697	31.4
	2022	34.0	34.2	10	25.0	5,480	25.7
	2023	34.2	--	14	22.6	7,066	20.8
Upper							
	2021	44.9	45.9	106	53.5	28,009	49.7
	2022	43.7	44.9	18	45.0	9,449	44.4
	2023	43.7	--	34	54.8	17,245	50.9
Not Available							
	2021	0.1	0.1	0	0.0	0	0.0
	2022	0.8	0.7	0	0.0	0	0.0
	2023	0.9	--	1	1.6	250	0.7
<b>Totals</b>							
	<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>198</b>	<b>100.0</b>	<b>56,310</b>	<b>100.0</b>
	<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>40</b>	<b>100.0</b>	<b>21,291</b>	<b>100.0</b>
	<b>2023</b>	<b>100.0</b>	<b>--</b>	<b>62</b>	<b>100.0</b>	<b>33,900</b>	<b>100.0</b>
<i>Source: 2021, 2022, and 2023 D&amp;B Data; Bank Data; 2021 &amp; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>							

CPB's lending performance in low-income CTs in 2021 exceeds demographic and aggregate data. The institution did not originate any loans in 2022. However, both demographic and aggregate data demonstrate limited opportunity to lend in low-income areas in 2022 and 2023. In 2023, the lending performance is comparable to the demographic data. CPB's lending in moderate-income CTs in 2021 was below demographic and aggregate data; however, 2022 lending performance exceeded and almost doubled both the demographic and aggregate data. In 2023, lending in moderate-income CTs is comparable to demographic data. Aggregate data in 2023 was not available.

Examiners considered additional performance context. During the evaluation period, changes to the U.S. Census resulted in fewer businesses located in LMI geographies in the AA. Examiners also noted that there are limited small business lending opportunities in low-income CTs, as reflected by the percentage of businesses located in these geographies primarily because of increasing interest rates and increasing cost to acquire and maintain new business loans.

## **Borrower Profile**

CPB's distribution of borrowers reflects adequate penetration among business customers of different sizes in the San Diego AA. Examiners focused on the bank's volume of lending and trend analysis to support this conclusion. The following table illustrates the bank's small business lending by revenue size.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Assessment Area: San Diego</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2021	90.1	46.4	21	10.6	10,228	18.2
2022	91.2	52.3	13	32.5	8,365	39.3
2023	91.8	--	34	54.8	18,378	54.2
<b>&gt;\$1,000,000</b>						
2021	3.7	--	33	16.7	18,771	33.3
2022	3.1	--	22	55.0	10,876	51.1
2023	2.8	--	25	40.3	13,906	41.0
<b>Revenue Not Available</b>						
2021	6.3	--	144	72.7	27,311	48.5
2022	5.7	--	5	12.5	2,050	9.6
2023	5.3	--	3	4.8	1,616	4.8
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>198</b>	<b>100.0</b>	<b>56,310</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>40</b>	<b>100.0</b>	<b>21,291</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>-</b>	<b>62</b>	<b>100.0</b>	<b>33,900</b>	<b>100.0</b>
<i>Source: 2021, 2022 and 2023 D&amp;B Data; Bank Data; 2021 &amp; 2022 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

During the review period, the bank's lending to small businesses was below aggregate data. However, lending performance in 2022 increased from 2021 by 21.9 percent and lending performance in 2023 further increased from 2022 by 22.3 percent. The 2023 aggregate data is not yet available at the time of this evaluation. Further, examiners had to consider the effect of loan volume fluctuations and the significant SBA PPP originations since those loans do not require GAR. In 2021, a substantial majority of loans fall into the Revenue Not Available category. Moreover, while there were small businesses available, the high cost of maintaining and opening credit lines and the high interest rates contributed to the number of loans made during the review period. Therefore, examiners reviewed all available performance context during the analysis and when reaching the overall conclusion. Throughout the evaluation, the performance shows an increasing trend each year. Overall, the bank's distribution of small business loans reflects adequate penetration among business customers of different revenue sizes.

## **Community Development Loans**

CPB has made a good level of CD loans in the San Diego AA. The following table illustrates the CD loans by year and CD purpose.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2021	0	0	0	0	3	4,411	0	0	3	4,411
2022	1	2,200	0	0	4	6,461	0	0	5	8,661
2023	0	0	0	0	7	24,880	0	0	7	24,880
YTD 2024	0	0	0	0	1	1,750	0	0	1	1,750
<b>Total</b>	<b>1</b>	<b>2,200</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>37,502</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>39,702</b>
<i>Source: Bank Data</i>										

The following are examples of CD loans originated in the AA during the evaluation period.

- In 2022, the bank originated a \$2.2 million to purchase an apartment complex and were leased below market rents to low-income individuals or families. This loan is considered responsive to the identified CD affordable housing needs and opportunities in the AA.
- In 2023, CPB originated or renewed 4 SBA 504 loans totaling \$4.5 million for SBA 504 loan for the purchase of commercial buildings which will assist in expanding distribution capacity, production, and will retain and create jobs for LMI individuals in the AA.

## **INVESTMENT TEST**

Investment Test performance in the San Diego AA is good.

### **Investment and Grant Activity**

CPB has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The current dollar volume of qualified investments and grants nearly doubled the prior evaluation's total of \$3.3 million. The following table shows the qualified investments made in the San Diego AA by year and CD purpose.

Qualified Investments – San Diego AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2021	1	1,000	0	0	1	260	0	0	2	1,260
2022	0	0	0	0	1	261	0	0	1	261
2023	0	0	0	0	6	4,759	0	0	6	4,759
YTD 2024	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>1</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>5,280</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>6,280</b>
Qualified Grants & Donations	0	0	39	160	5	46	0	0	44	206
<b>Total</b>	<b>1</b>	<b>1,000</b>	<b>39</b>	<b>160</b>	<b>13</b>	<b>5,326</b>	<b>0</b>	<b>0</b>	<b>53</b>	<b>6,486</b>
<i>Source: Bank Data</i>										

The following are notable examples of qualified investments, grants, and donations made within the San Diego AA.

- In 2021, CPB made a new \$1.0 million investment in a low-income housing tax credit fund supporting affordable housing. The bank’s commitment was targeted to two housing properties in the AA: 1) rehabilitation of a 140-unit development with all units restricted to families earning less than 60.0 percent of the area median income and 2) a new construction of a 17-unit project with all units restricted to households earning 60.0 percent of the area median income.
- In 2021, the bank donated \$5,000 to a women- and minority-owned business located in a moderate-income CT, to retain employees and assist in relocating the small business to a new location following the COVID-19 pandemic, which caused a decline in clients and business. This small business also hires minority interns and teaches them about running a start-up business.
- In 2022, CPB provided a \$10,000 donation to a local non-profit focused on alleviating poverty in the community by providing physical and psychological needs of vulnerable households, in collaboration with service providers and volunteers.

**Responsiveness to Credit and Community Development Needs**

The institution exhibits good responsiveness to credit and CD needs. The qualified investments made in this AA support affordable housing initiatives and economic development. CPB was also responsive to pandemic-related needs through its donations.

**Community Development Initiatives**

The institution occasionally uses innovative and/or complex investments to support CD initiatives.

**SERVICE TEST**

Service Test performance in the San Diego AA is good.

**Accessibility of Delivery Systems**

Delivery systems are reasonably accessible to essentially all portions of the AA. CPB’s delivery systems in the San Diego AA are consistent with the institution overall. The following table shows the distribution of CTs, population, and branches in the San Diego AA by tract income level.

<b>Branch and ATM Distribution by Geography Income Level</b>						
<b>Assessment Area: San Diego</b>						
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	46	6.2	213,565	6.5	0	0.0
Moderate	167	22.7	807,877	24.5	0	0.0
Middle	262	35.5	1,142,590	34.6	0	0.0
Upper	248	33.6	1,101,685	33.4	2	66.7
NA	14	1.9	32,917	1.0	1	33.3
<b>Totals</b>	<b>737</b>	<b>100.0</b>	<b>3,298,634</b>	<b>100.0</b>	<b>3</b>	<b>100.0</b>

*Source: 2020 U.S. Census & Bank Data  
Due to rounding, totals may not equal 100.0%*

CPB does not have any branches in LMI tracts within the AA. It is noted that one of the branches is in a tract with no income designation. Aggregate data shows that all institutions operating within the AA had 4.8 percent and 19.7 percent of their branches located within LMI CTs, respectively.

**Changes in Branch Locations**

CPB did not open or close any branches in this AA during the evaluation period; therefore, examiners did not evaluate this criterion.

**Reasonableness of Business Hours and Services**

Services (including, where appropriate, business hours) do not vary in a way the inconveniences portions of the AA, particularly in LMI geographies and/or individuals. Products and business

hours in the San Diego AA are consistent with the institution overall. All three branches in the San Diego AA offer safe deposit boxes and the Coronado branch offers night depository service.

**Community Development Services**

CPB provides a relatively high level of CD services within the San Diego AA. CPB’s Directors and employees provided a higher number of hours when compared to the 2,757 hours at the prior evaluation. A majority of the hours supported community services to LMI individuals. The following table shows the CD service hours provided in the San Diego AA by year and CD purpose.

<b>Community Development Services – San Diego AA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2021	10	1,095	216	10	<b>1,331</b>
2022	7	688	223	6	<b>924</b>
2023	7	661	359	5	<b>1,032</b>
YTD 2024	0	17	0	0	<b>17</b>
<b>Total</b>	<b>24</b>	<b>2,461</b>	<b>798</b>	<b>21</b>	<b>3,304</b>

*Source: Bank Data*

The following are notable examples of CD services provided in the San Diego AA.

- During the evaluation period, an SBA officer served as a Board member of a non-profit CDC that works closely with the SBA to secure funding for small business owners to purchase commercial real estate for their businesses.
- Throughout the evaluation period, a Director served as a Board member of an organization that provides interest-free loans at no cost to members of the San Diego Jewish community. One of the eligibility requirements is to have low to moderate annual household income.
- An assistant vice president served on the local advisory committee of an organization with a mission to revitalize neighborhoods and provide affordable housing throughout San Diego, particularly in underserved and under-resourced neighborhoods.

**LOS ANGELES ASSESSMENT AREA – Full-Scope Review**

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN LOS ANGELES ASSESSMENT AREA**

CPB designated a single AA consisting of two counties: Los Angeles and Orange County. The AA has not changed since the prior evaluation. The AA consists of the contiguous counties of Los

Angeles and Orange. The AA is densely populated and economically diverse. CPB operates three full- service branches in the Los Angeles AA.

**Economic and Demographic Data**

Based on 2020 U.S. Census data, the AA consists of 3,112 CTs, of which 178 are low-, 856 are moderate-, 926 are middle-, 1,071 are upper-income, and 81 CTs have no income designation. The following table illustrates select demographic characteristics of the AA.

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

The AA’s 2,017,520 businesses reported gross annual revenues as follows:

- 92.4 percent had \$1 million or less,
- 2.9 percent had more than \$1 million, and
- 4.7 percent did not report revenue information.



Services represent the largest industry at 37.5 percent of businesses followed by non-classifiable establishments at 23.4 percent; finance, insurance, and real estate at 12.7 percent; and retail trade at 10.1 percent.

### ***Los Angeles County***

According to the February 2024 Moody's Analytics Report, Los Angeles-Long Beach-Glendale's economy is cooling and is consistent with that of the U.S. Healthcare and leisure/hospitality are leading job gains. The outlook of filming industry gets worse before it gets better due to the actor's and the writer's strike lingering pain from the pandemic. Entertainment industry is in for a long slog. Employment has once again dipped below the pre-pandemic threshold and the decline is larger than reported in the monthly survey. The worst of the house price correction is in the rearview mirror and prices will hold up better than nationally. However, affordability hurdles remain. A diverse industrial base will prove a lasting advantage, but high costs and out-migration will relegate Los Angeles to average long-term growth. The top employers include the Cedars-Sinai Medical Center, Los Angeles International Airport, University of California-Los Angeles, VXi Global Solutions, and the Walt Disney Company.

### ***Orange County***

According to the February 2024 Moody's Analytics Report, the Orange County economy is slowing, but job growth is intact. Leisure/hospitality and healthcare lead job gains and offsetting manufacturing weaknesses. House appreciation has paused after a sharper than average contraction last year due to net migration losses. Economic strengths include a highly trained and well-educated workforce, research and development clusters underpin the healthy demand for office space, and the coastline and climate attract residents and visitors. Economic weaknesses include population is contracting, abundance of low-wage jobs, and sensitivity to business cycle fluctuations, specifically the capital-raising climate. The top employers include the Disney Resorts, University of California, Irvine, St Joseph Health, Kaiser Permanente, and Target Brands Inc.

### **Competition**

The AA is highly competitive for financial services. According to the June 30, 2023 FDIC Deposit Market Share Report, the AA had 108 financial institutions operating 2,030 branches with a total of \$695.6 billion in deposits. A number of large national and regional financial institutions operate in the AA. Collectively, the top three financial institutions in the AA control approximately 50.1 percent of the deposit market share and approximately 46.0 percent of the branches. CPB maintains \$628.5 million in total deposits, representing 0.09 percent of the AA deposit market share and ranking 49<sup>th</sup> among the other financial institutions.

### **Community Contacts**

Examiners reviewed an existing community contact with a small business development corporation to help understand the financial and banking needs of the local communities. The contact noted that there is a need for small business financial education, including offering industry-specific

education. In regards to small business financing, there are opportunities for financial institutions to make small business loans in conjunction with state or federal guarantee lending programs. The contact also noted that some financial institutions are unaware of these programs. Lastly, the contact noted a need for providing pass-through grants to small businesses for technology and equipment

### **Credit and Community Development Needs and Opportunities**

Based on economic and demographic data, community contact, and bank information, examiners determined that demand for small business loans represent a primary AA credit need. The AA contains a large percentage of small businesses and there is a considerable need for micro loans and industry-specific financial education training. Opportunities for small business lending and other credit-related projects are present throughout the AA. Examiners also identified the need for affordable housing as well as community service needs especially during Pandemic.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN LOS ANGELES ASSESSMENT AREA**

### **LENDING TEST**

Overall, CPB's lending test performance in the Los Angeles AA is good. Good lending activity, good geographic distribution, adequate borrower profile, and relatively high in CD lending primarily support this conclusion.

### **Lending Activity**

CPB's lending levels reflect good responsiveness to the AA credit needs. There is a high level of competition for small business loans in the Los Angeles AA. During the evaluation period, the bank originated or purchased 336 small business loans totaling \$145.0 million. Market share ranking was not available since the bank was not required to collect and report loan data until 2023.

### **Geographic Distribution**

CPB's geographic distribution of loans reflects good penetration throughout the Los Angeles-Orange AA. The following table shows the distribution of CPB's small business loans by CT income level.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Assessment Area: Los Angeles</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2021	4.9	4.8	19	7.9	7,367	8.1
2022	3.4	3.3	4	9.8	2,220	10.0
2023	3.4	--	4	7.4	2,593	8.3
<b>Moderate</b>						
2021	19.3	19.9	29	12.0	11,853	13.0
2022	18.6	19.9	9	22.0	5,354	24.0
2023	18.7	--	19	35.2	12,217	38.9
<b>Middle</b>						
2021	24.7	25.5	66	27.4	24,335	26.6
2022	27.3	28.5	9	22.0	4,953	22.2
2023	27.8	--	11	20.4	4,985	15.9
<b>Upper</b>						
2021	49.3	48.3	119	49.4	45,276	49.6
2022	48.1	46.0	19	46.3	9,735	43.7
2023	47.5	--	20	37.0	11,586	36.9
<b>Not Available</b>						
2021	1.9	1.5	8	3.3	2,499	2.7
2022	2.6	2.2	0	0.0	0	0.0
2023	2.6	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>241</b>	<b>100.0</b>	<b>91,329</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>	<b>22,262</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>100.0</b>	<b>54</b>	<b>100.0</b>	<b>31,381</b>	<b>100.0</b>
<i>Source: 2021, 2022 and 2023 D&amp;B Data; Bank Data; 2021 &amp; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

During the evaluation period, CPB's distribution of small business loans within low-income CTs exceeded both aggregate data and D&B percentage of businesses. Lending in moderate-income CTs is below aggregate and D&B percentage of businesses in 2021, but above aggregate data and D&B percentage of businesses in 2022 and 2023 with an increasing trend. Aggregate data in 2023 was not available during this evaluation. Overall, the bank's small business lending reflects good penetration throughout the review period.

**Borrower Profile**

CPB’s distribution of borrowers reflect adequate penetration among business customers of different sizes in the Los Angeles AA. Examiners focused on the bank’s volume of lending and trend analysis to support this conclusion. The following table illustrates the bank’s small business lending by revenue size.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Assessment Area: Los Angeles</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2021	90.6	45.3	28	11.6	14,493	15.9
2022	91.7	51.9	20	48.8	9,201	41.3
2023	92.4	--	17	31.5	9,277	29.6
<b>&gt;\$1,000,000</b>						
2021	3.8	--	72	29.9	45,606	49.9
2022	3.2	--	17	41.5	10,997	49.4
2023	2.9	--	34	63.0	20,078	64.0
<b>Revenue Not Available</b>						
2021	5.6	--	141	58.5	31,230	34.2
2022	5.1	--	4	9.8	2,064	9.3
2023	4.8	--	3	5.6	2,026	6.5
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>241</b>	<b>100.0</b>	<b>91,329</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>	<b>22,262</b>	<b>100.0</b>
<b>2023</b>	<b>100.0</b>	<b>-</b>	<b>54</b>	<b>100.0</b>	<b>31,381</b>	<b>100.0</b>
<i>Source: 2021, 2022 and 2023 D&amp;B Data; Bank Data; 2021 &amp; 2022 CRA Aggregate Data; "--" data not available.</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

During the evaluation period, CPB’s small business lending to businesses with GARs of \$1.0 million or less is below reported aggregate data. Although the bank’s performance is below aggregate, examiners also considered the effect of loan volume fluctuations and the significant SBA PPP originations since those loans do not require GAR. In 2021, a substantial majority of loans fall into the Revenue Not Available category. Moreover, while there were small businesses available, the high cost of maintaining and opening credit lines and the high interest rates contributed to the number of loans made during the review period. Aggregate data for 2023 was not available during this evaluation. Examiners reviewed all available performance context during the analysis and when reaching the overall conclusion.

Overall, the bank’s distribution of small business loans reflects adequate penetration among business customers of different revenue sizes.

**Community Development Loans**

CPB has made a good level of CD loans in the Los Angeles AA. The following table illustrates the CD loans by year and purposes.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2021	3	7,728	0	0	11	22,424	1	2,000	<b>15</b>	<b>32,152</b>
2022	1	3,868	1	3,100	9	18,910	2	6,805	<b>13</b>	<b>32,683</b>
2023	1	3,000	0	0	19	42,004	1	10,000	<b>21</b>	<b>55,004</b>
YTD 2024	0	0	1	3,000	10	27,267	0	0	<b>11</b>	<b>30,267</b>
<b>Total</b>	<b>5</b>	<b>14,596</b>	<b>2</b>	<b>6,100</b>	<b>49</b>	<b>110,605</b>	<b>4</b>	<b>18,805</b>	<b>60</b>	<b>150,106</b>
<i>Source: Bank Data</i>										

The bank’s CD activities addressed affordable housing, community services, and loans to small businesses, which are primary needs of the AA. Below are examples of the bank’s CD lending:

- During the review period, the bank renewed or originated a total of \$110.6 million in SBA 504 loans to purchase and improve new or existing facilities and warehouses that will assist in expanding distribution capacity, production, and retaining low-income workers.
- In 2023, the bank financed \$10.0 million for the acquisition of a multi-tenant industrial building located in a low-income tract to assist in revitalizing the community by retaining and creating jobs for LMI workers.
- In 2024, CPB made \$3.0 million to a non-profit organization whose mission is to end hunger for the needy children and senior citizens in the AA.

## **INVESTMENT TEST**

Investment Test performance in the Los Angeles AA is good.

### **Investment and Grant Activity**

CPB has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. The current dollar volume of qualified investments and grants more than doubled the prior evaluation’s total of \$3.1 million. The following table shows the qualified investments made in the Los Angeles AA by year and CD purpose.

<b>Qualified Investments – Los Angeles AA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	0	0	0	0	2	253	0	0	2	253
2021	0	0	0	0	3	2,003	0	0	3	2,003
2022	1	1,500	0	0	3	2,513	0	0	4	4,013
2023	0	0	0	0	1	13	0	0	1	13
YTD 2024	1	1,000	0	0	0	0	0	0	1	1,000
<b>Subtotal</b>	<b>2</b>	<b>2,500</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>4,782</b>	<b>0</b>	<b>0</b>	<b>11</b>	<b>7,282</b>
Qualified Grants & Donations	0	0	26	93	2	2	0	0	28	95
<b>Total</b>	<b>2</b>	<b>2,500</b>	<b>26</b>	<b>93</b>	<b>11</b>	<b>4,784</b>	<b>0</b>	<b>0</b>	<b>39</b>	<b>7,377</b>
<i>Source: Bank Data</i>										

The following are notable examples of qualified investments, grants, and donations made within the Los Angeles AA.

- In 2022, CPB made a new \$1.5 million investment in a low-income housing tax credit fund supporting affordable housing. The bank’s commitment was targeted to a new construction of a 73-unit apartment complex. Of the 73 units, 36 are set aside for households with special needs and earning at or below 35.0 percent of the area median income. Another 35 units are set aside for households earning at or below 40.0 to 50.0 percent of the area median income.
- In 2021, CPB opened a new deposit account totaling \$1.0 million at a multi-racial MDI. The bank deposited an additional \$1.0 million to the account in 2022.
- In 2023, the bank donated \$5,000 to a non-profit which helps low-income single parents graduate from college or vocational training with the skills necessary to achieve economic independence.

**Responsiveness to Credit and Community Development Needs**

The institution exhibits good responsiveness to credit and CD needs. The qualified investments made in this AA supported affordable housing initiatives and economic development. CPB was also responsive to the needs of LMI individuals and families through its donations.

**Community Development Initiatives**

The institution occasionally uses innovative and/or complex investments to support CD initiatives.

## SERVICE TEST

Service Test performance in the Los Angeles AA is good.

### Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the AA. CPB's delivery systems in the Los Angeles AA are consistent with the institution overall. The following table shows the distribution of CTs, population, and branches in the Los Angeles AA by tract income level.

<b>Branch and ATM Distribution by Geography Income Level</b>						
<b>Assessment Area: Los Angeles</b>						
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>Branches</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	178	5.7	690,846	5.2	0	0.0
Moderate	856	27.5	3,735,465	28.3	0	0.0
Middle	926	29.8	4,083,946	30.9	0	0.0
Upper	1,071	34.4	4,542,994	34.4	2	66.7
NA	81	2.6	147,747	1.1	1	33.3
<b>Totals</b>	<b>3,112</b>	<b>100.0</b>	<b>13,200,998</b>	<b>100.0</b>	<b>3</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census &amp; Bank Data Due to rounding, totals may not equal 100.0%</i>						

CPB does not have any branches in LMI tracts within the AA. It is noted that one of the branches is in a tract with no income designation. Aggregate data shows that all institutions operating within the AA had 3.1 percent and 19.4 percent of their branches located within LMI CTs, respectively.

### Changes in Branch Locations

CPB did not open or close any branches in this AA during the evaluation period; therefore, examiners did not evaluate this criterion.

### Reasonableness of Business Hours and Services

Services (including, where appropriate, business hours) do not vary in a way the inconveniences portions of the AA, particularly in LMI geographies and/or individuals. Products, services, and business hours in the Los Angeles AA are consistent with the institution overall.

**Community Development Services**

CPB provides a relatively high level of CD services within the Los Angeles AA. CPB’s Directors and employees provided less CD services hours when compared to the 2,280 hours at the prior evaluation. Management noted that the pandemic limited the bank’s in-person service activities in 2021. The following table shows the CD service hours provided in the Los Angeles AA by year and CD purpose.

<b>Community Development Services – Los Angeles AA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2021	0	462	21	0	<b>483</b>
2022	0	579	35	0	<b>614</b>
2023	0	426	37	0	<b>463</b>
YTD 2024	0	0	0	0	<b>0</b>
<b>Total</b>	<b>0</b>	<b>1,467</b>	<b>93</b>	<b>0</b>	<b>1,560</b>
<i>Source: Bank Data</i>					

The following are notable examples of CD services provided in the Los Angeles AA.

- During the evaluation period, a senior vice president served as a member of the Board and finance committee of a non-profit that helps low-income single parents in Orange County graduate from college or vocational training with the skills necessary to achieve economic independence.
- Throughout the evaluation period, a senior vice president served as a Board member of an organization that gives youth facing significant barriers the skills, support, and connections they need to achieve economic success. The youth served are primarily LMI living in under-served and under-resourced neighborhoods in Los Angeles.
- A Director served on the Board of a food bank with a mission to provide access to free nutritious food through food acquisition and distribution to the LMI community of west Los Angeles.



## APPENDICES

### LARGE BANK PERFORMANCE CRITERIA

#### Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
  - i. The proportion of the bank's lending in the bank's assessment area(s);
  - ii. The dispersion of lending in the bank's assessment areas(s); and
  - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
  - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
  - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
  - iii. Small business and small farm loans by loan amount at origination; and
  - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

#### Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

## Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

## SCOPE OF EVALUATION

<b>CalPrivate Bank</b>	
<b>Scope of Examination:</b>	
Full-scope review was performed on the following AA within the noted rated area:	
<b>State of California:</b>	
<ul style="list-style-type: none"> <li>• Los Angeles AA</li> <li>• San Diego AA</li> </ul>	
<b>Time Period Reviewed:</b>	02/22/2021 to 03/18/2024
<b>Products Reviewed:</b>	
Small Business Loans: 01/01/2021 – 12/31/2023	

<b>List of Assessment Areas and Type of Evaluation</b>			
<b>Rated Area/ Assessment Area</b>	<b>Type of Evaluation</b>	<b>Branches Visited</b>	<b>Other Information</b>
<b>State of California:</b>			
Los Angeles	Full-Scope	None	None
San Diego	Full-Scope	None	None

## **DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS**

**Not Applicable**

## 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.

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**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; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**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).

**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 (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**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 (e.g., 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 (also known as non-MSA):** 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.