

PUBLIC DISCLOSURE

August 28, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Pacific Alliance Bank
Certificate Number: 58234

641 West Las Tunas Drive
San Gabriel, California 91776

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.

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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.

- The loan-to-deposit ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and AA credit needs.
- A majority of loans and other lending related activities are in the institution's AA.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among businesses of different sizes
- This institution did not receive any CRA-related complaints since the prior evaluation; therefore, this factor did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

Pacific Alliance Bank (PAB) is a state-chartered commercial bank headquartered in San Gabriel, California. PAB does not operate under a holding company structure nor does it have any banking-related subsidiaries or affiliates. The institution received an "Outstanding" rating at the prior Federal Deposit Insurance Corporation (FDIC) Performance Evaluation dated August 24, 2020, based on Interagency Small Institution Examination Procedures.

PAB operates three full-service branches, including the main office, in Southern California (CA). In 2021, PAB relocated the Irvine branch from a middle-income census tract (CT) to an upper-income CT less than a mile away. In 2022, PAB relocated its headquarters from a middle-income CT in Rosemead, CA, to an upper-income CT in San Gabriel, CA. The bank's third branch is located in Rowland Heights, CA, in a moderate-income CT. There have been no other branch openings, closings, or merger/acquisition activities since the prior evaluation.

PAB is primarily a commercial lender, offering commercial real estate loans, commercial and industrial loans, and Small Business Administration loans. PAB also offers construction and home mortgage loans. The bank provides a variety of deposit accounts and services, including checking, savings, and time deposit accounts. Alternative banking services include online banking, mobile banking, remote deposit capture, wire transfers, and safe deposit boxes. PAB also operates an automated teller machine at the San Gabriel branch.

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Based on the June 30, 2023 Consolidated Report of Income and Condition, PAB reported total assets of approximately \$390.7 million, total loans of \$286.3 million, and total deposits of \$309.5 million. The following table illustrates the bank's loan portfolio.

Loan Portfolio Distribution as of 6/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	21,522	7.5
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	64,545	22.5
Secured by Multifamily (5 or more) Residential Properties	15,397	5.4
Secured by Nonfarm Nonresidential Properties	135,446	47.3
Total Real Estate Loans	236,910	82.7
Commercial and Industrial Loans	49,776	17.4
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	0	0.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(340)	(0.1)
Total Loans	286,346	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

PAB's AA is comprised of Los Angeles and Orange Counties that are wholly contained within the Los Angeles-Long Beach-Anaheim, CA Metropolitan Statistical Area (MSA) #31080. This MSA is comprised of two Metropolitan Divisions (MDs): The Los Angeles-Long Beach-Glendale, CA MD #31084, which wholly contains Los Angeles County; and the Anaheim-Santa Ana-Irvine, CA MD #11244, which wholly contains Orange County. The AA meets the technical requirements of CRA and does not arbitrarily exclude any LMI areas.

While there have been no changes to the bank's AA since the prior evaluation, the Census Bureau released the 2020 United States Census (U.S. Census) in April 2020, which included changes in the total number of CTs within the AA as well as income tract designations.

From the 2015 American Consumer Survey (ACS) to the 2020 U.S. Census, the total number of CTs in the AA increased from 2,929 to 3,112. Based on the 2015 ACS, PAB's AA consisted of 266 low-, 821 moderate-, 760 middle-, and 1,028 upper-income CTs. There were 54 CTs without income designation.

Economic and Demographic Data

Based on the 2020 U.S. Census, PAB's AA consists of 3,112 CTs with the following income designations: 177 low-, 856 moderate-, 927 middle-, and 1,071 upper-income CTs. There are also 81 CTs without income designations. The following table provides a summary of demographic and business information within the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
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	1,796,581	3.4	18.6	27.3	48.1	2.6
Farms by Geography	17,110	2.5	17.9	29.1	49.0	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 - 11244 Anaheim-Santa Ana-Irvine, CA		\$106,451	Median Housing Value			\$696,400
Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA		\$80,317	Median Gross Rent			\$1,676
			Families Below Poverty Level			9.6%

Source: 2020 U.S. Census and 2022 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.*

According to 2022 D&B, there are 1,796,581 businesses located in the AA with reported Gross Annual Revenues (GARs) as follows.

- 91.7 percent of \$1.0 million or less;
- 3.2 percent of more than \$1.0 million; and
- 5.1 percent have unknown revenues.

In addition, 60.7 percent of area businesses have four or fewer employees with 94.4 percent operating from a single location.

Los Angeles County

According to Moody’s Analytics as of May 2023, the Los Angeles County economy is slowing down but remains resilient when compared to other large CA economies. Healthcare and leisure/hospitality lead job gains, while technology gains are backtracking but still outperforming the Bay Area. The writers’ strike in Hollywood is suppressing the job outlook. Transportation and

warehousing employment will initially outpace gains before giving way to a more sustainable pace. Los Angeles County's house prices will hold up better than nationally this year. Houses remain overvalued, but less so than in the past two years, due in part to Los Angeles County's better-than-average declines last year. The economic strengths for the area include a strong healthcare base; a growing technology presence that provides well-paying jobs; global links through entertainment, tourism, and fashion; and the San Pedro Harbor that can dock megaships. Weaknesses include the high cost of living and natural disasters, including drought, wildfires, and earthquakes. The top employers include Cedars-Sinai Medical Center, Los Angeles International Airport, University of California Los Angeles, and VXI Global Solutions.

Orange County

According to the same Moody's Analytics report, Orange County's economy is slowing, but job growth is intact. Leisure/hospitality and healthcare lead job gains. Technology layoffs have been less damaging than in the Bay Area. House price appreciation has paused after a more-than-average contraction last year. While the labor market is resilient, the high cost of living combined with a slowing nominal wage growth, layoffs, and financial system turmoil weighs on consumer confidence. Orange County will experience economic uncertainty regarding manufacturing in the near term, but technology and tourism will remain pillars of the economy. In the long term, a solid technology base, a skilled workforce, and enduring tourism will prove advantageous. The economic strengths for the area include a highly trained, well-educated labor force, healthy demand for office space, and a coastline and climate that attract residents and visitors from all over. Weaknesses include a declining population and sensitivity to business cycle fluctuations, specifically the capital-raising climate. The top employers include Disney Resorts, University of California, Irvine, St. Joseph Health, and Kaiser Permanente.

Competition

The AA is highly competitive in the market for financial services. According to the FDIC Deposit Market Share Report as of June 30, 2022, 109 financial institutions operated 2,144 branch offices within the AA. Of these institutions, PAB ranked 77th with a 0.04 percent deposit market share. The top three financial institutions account for 47.5 percent of the total deposit market share: Bank of America, National Association (N.A.) at 17.3 percent; JPMorgan Chase Bank, N.A. at 16.5 percent; and Wells Fargo Bank, N.A. at 13.7 percent.

PAB is not a Home Mortgage Disclosure Act (HMDA) reporter, nor is it required to report small business loan data, and has elected not to do so. Neither the small business loans nor home mortgage loan analyses includes comparisons against aggregate data. However, the reported aggregate data reflects the level of demand for loans and is relevant to understand the level of assessment area competition.

According to the 2021 aggregate small business loan data, 355 lenders reported 604,449 small business loans in the AA, indicating a highly competitive market for small business loans. The top three lenders accounted for 51.1 percent of the total market share: American Express, N.A. at 21.3 percent; JPMorgan Chase Bank, N.A. at 15.9 percent; and Bank of America, N.A. at 13.9 percent. Aggregate data for 2022 small business loans is not yet available as of the evaluation date.

According to 2021 aggregate HMDA data, 1,014 lenders reported 946,290 home mortgage loans in the AA, indicating a highly competitive market for this lending product. The top three lenders accounted for 19.6 percent of the total market share: United Wholesale Mortgage at 8.1 percent, Rocket Mortgage at 7.8 percent, and Loandepot.com LLC at 3.7 percent. Similarly, for the 2022 aggregate HMDA data, 989 lenders reported 418,855 home mortgage loans in the AA, indicating a highly competitive market for this lending product. The top three lenders accounted for 16.1 percent of the total market share: United Wholesale Mortgage at 6.1 percent, Bank of America, N.A. at 5.5 percent, and Rocket Mortgage at 4.5 percent.

Community Contact(s)

As part of the evaluation process, examiners contact third parties in the AA to assist in identifying the credit needs of the AA. Examiners reviewed one existing community contact from an organization that provides financial and technical assistance to small businesses in the AA.

The contact stated that the local economy is very strong with many job opportunities available, especially for the skilled labor force. According to the contact, the biggest challenge in the area is a lack of affordable housing for LMI individuals and families. Additionally, there is a need for small business loans, particularly micro businesses (a small business that employs less than ten people), and start-ups. The contact stated that there are opportunities for local financial institutions to provide grants and marketing workshops to local small businesses.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that the most significant credit need in the AA is affordable housing for LMI individuals. This is supported by low housing affordability index figures, increasing home prices, increasing rents, and limited housing stock. There is also a need for small business loans.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated August 24, 2020, to the current evaluation dated August 28, 2023. Examiners used Interagency Small Institution Examination Procedures, which focus on the bank's Lending Test performance. The appendices list the criteria reviewed under the Lending Test. Finally, this evaluation does not include any affiliate lending activities.

Activities Reviewed

Examiners determined that the bank's major product lines are small business and home mortgage loans. Examiners considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as small farm or consumer

loans, represent a major product line. Therefore, this evaluation does not include or present any analysis, as inclusion would not affect the conclusions or the overall ratings.

Examiners considered the entire universe of small business loans originated or purchased from January 1, 2021, through December 31, 2022. During the review period, the bank originated 21 small business loans totaling \$12.4 million. This total includes 14 small business loans for \$8.5 million in 2021 and 7 loans for \$3.9 million in 2022. Examiners also considered the entire universe of home mortgage loans originated or purchased from January 1, 2021, to December 31, 2022. During the review period, the bank originated or purchased 59 home mortgage loans totaling approximately \$46.2 million. This total includes 42 home mortgage loans for \$30.4 million in 2021 and 17 loans for \$15.8 million in 2022.

While the bank originated or purchased a higher volume of home mortgage loans throughout the review period, PAB remains a commercial bank with a primary focus on commercial lending. Thus, examiners placed slightly more weight on small business performance when arriving at conclusions and ratings. Examiners reviewed the number and dollar volume of small business and home mortgage loans. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans as it is a better indicator of the number of businesses and individuals served.

For home mortgage performance, the 2021 lending performance is compared to the 2015 ACS. The 2022 lending performance is compared to the 2020 U.S. Census. For small business performance, examiners used 2021 and 2022 D&B for small business lending comparisons. Other data included 2021 and 2022 demographic data and other information gathered as part of the evaluation process, including the community contact. Moreover, examiners compared current lending performance against the bank's prior CRA performance and noted any differences within the evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated Satisfactory. Reasonable records for the geographic distribution of loans and borrower profile performance primarily support this conclusion.

Loan-to-Deposit Ratio

PAB's loan-to-deposit (LTD) ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's asset size, financial condition, competition, lending focus and AA credit needs. The institution's net LTD ratio averaged 91.5 percent over the prior 12 calendar quarters from September 30, 2020, through June 30, 2023. The ratio ranged from a low of 84.3 percent on December 31, 2020, to a high of 104.2 percent on September 30, 2022, and has generally remained stable throughout the evaluation period.

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PAB’s average, net LTD ratio is below that of one similarly situated institution but above that of another. Although both peer institutions are larger in total assets, they maintained a similar branch structure, AA, and lending focus as PAB. The following table presents the LTD ratio.

LTD Ratio Comparison		
Bank	Total Assets as of 6/30/2023 (\$000s)	Average Net LTD Ratio (%)
Pacific Alliance Bank	\$390,676	91.5
Similarly-Situated Institution #1	\$415,557	63.0
Similarly-Situated Institution #2	\$464,706	102.9
<i>Source: Reports of Condition and Income 9/30/2020 - 6/30/2023</i>		

Assessment Area Concentration

A majority of loans and other lending related activities are in the institution’s AA. The following table shows that PAB made a majority of its small business and home mortgage loans, by number and dollar volume, in the AA. Overall, the bank originated or purchased 80.0 percent by number and 85.5 percent by dollar volume of loans inside the AA during the evaluation period. This is a slight decrease since the prior evaluation where PAB originated 95.1 percent by number and 96.4 percent by dollar volume of loans in the AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans					Dollar Amount of Loans \$(000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Home Mortgage										
2021	34	81.0	8	19.0	42	26,573	87.5	3,811	12.5	30,384
2022	12	70.6	5	29.4	17	13,337	84.2	2,501	15.8	15,838
Subtotal	46	78.0	13	22.0	59	39,910	86.3	6,312	13.7	46,222
Small Business										
2021	11	78.6	3	21.4	14	6,330	74.2	2,203	25.8	8,533
2022	7	100.0	0	0.0	7	3,894	100.0	0	0.0	3,894
Subtotal	18	85.7	3	14.3	21	10,224	82.3	2,203	17.7	12,427
Total	64	80.0	16	22.0	80	50,134	85.5	8,515	14.5	58,649
<i>Source: Bank Data; Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA. The reasonable performance of small business lending, outweighed the poor home mortgage lending, to primarily support this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. The following table illustrates the bank’s geographic distribution of small business loans by CT income level. There was very limited lending in low-income CTs during the evaluation period with one loan originated in 2022. PAB’s lending in moderate-income CTs almost doubled the percentage of businesses in 2021 and remained significantly higher than the percentage of businesses in 2022. Examiners noted that with the updated 2020 U.S. Census, there were 54 fewer LMI CTs in the AA than in 2022. Given these considerations, PAB’s geographic distribution of small business loans reflects reasonable dispersion throughout the AA.

Geographic Distribution of Small Business Loans						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Low						
	2021	4.9	0	0.0	0	0.0
	2022	3.4	1	14.3	800	20.5
Moderate						
	2021	19.3	4	36.4	2,115	33.4
	2022	18.6	2	28.6	833	21.4
Middle						
	2021	24.7	6	54.5	3,615	57.1
	2022	27.3	1	14.3	580	14.9
Upper						
	2021	49.3	1	9.1	600	9.5
	2022	48.1	3	42.9	1,682	43.2
Not Available						
	2021	1.9	0	0.0	0	0.0
	2022	2.6	0	0.0	0	0.0
Totals						
	2021	100.0	11	100.0	6,330	100.0
	2022	100.0	7	100.0	3,894	100.0

Source: 2021 & 2022 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor dispersion throughout the AA. The following table illustrates the bank’s geographic distribution of home mortgage loans by CT income level. PAB did not make any home mortgage loans in low-income CTs during the review period. The performance in moderate-income CTs in 2021 was 5.8 percent below demographic data but increased to 7.9 percent above demographic data in 2022. However, examiners noted that PAB’s volume of lending at the prior evaluation corresponded to 17 loans in moderate-income CTs, compared to 7 loans at the current evaluation. Examiners also noted that this review period included

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35 more moderate-income CTs because of the updated 2020 U.S. Census. Given these considerations, PAB’s geographic distribution of home mortgage loans reflects poor dispersion.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low					
2021	2.7	0	0.0	0	0.0
2022	1.4	0	0.0	0	0.0
Moderate					
2021	17.6	4	11.8	4,720	17.8
2022	17.1	3	25.0	4,400	33.0
Middle					
2021	27.5	11	32.4	6,698	25.2
2022	31.6	4	33.3	3,376	25.3
Upper					
2021	52.2	19	55.9	15,155	57.0
2022	49.6	5	41.7	5,561	41.7
Not Available					
2021	0.1	0	0.0	0	0.0
2022	0.3	0	0.0	0	0.0
Totals					
2021	100.0	34	100.0	26,573	100.0
2022	100.0	12	100.0	13,337	100.0
<i>Source: 2015 ACS; 2020 U.S. Census Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among businesses of different sizes. The reasonable record of small business lending primarily supports this conclusion. This criterion solely focused on PAB’s small business lending since PAB does not consider borrower income when making credit decisions; thus, it did not collect information on borrower income.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The following table shows the distribution of small business loans in the AA. In 2021, the bank’s performance was comparable to the percentage of businesses as 90.9 percent of PAB’s small business loans originated to businesses with GARs less than \$1 million. However, the bank’s performance dropped to 57.1 percent in 2022. Examiners also noted that lending to small businesses

from the prior evaluation’s 2019 assessment was 75.0 percent to businesses with GARs less than \$1 million.

While not used as a direct comparison or benchmark, aggregate data reflects actual lending in the area reported by large banks and is an indicator of the demand for small business credit. In 2021, aggregate data of small business loans made to small business was 45.3 percent. Although the bank only made seven small business loans in the AA in 2022, the majority (four loans) were made to small businesses. Given these considerations, PAB’s distribution of borrowers reflects reasonable dispersion.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2021	90.6	10	90.9	5,675	89.7
2022	91.7	4	57.1	1,850	47.5
>\$1,000,000					
2021	3.8	1	9.1	655	10.3
2022	3.2	3	42.9	2,044	52.5
Revenue Not Available					
2021	5.6	0	0.0	0	0.0
2022	5.1	0	0.0	0	0.0
Totals					
2021	100.0	11	100.0	6,330	100.0
2022	100.0	7	100.0	3,894	100.0

Source: 2021 & 2022 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

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.

APPENDICES

SMALL 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) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

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.

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.

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.

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.

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.

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 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.

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.