

PUBLIC DISCLOSURE

June 28, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Beneficial State Bank
Certificate Number: 58490

1438 Webster Street, Suite 100
Oakland, California 94612

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

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San Francisco, California 94105

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

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INSTITUTION RATING

INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution is rated **Outstanding**.

An institution in this group has an outstanding 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 Lending Test is rated Outstanding.

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and the AA credit needs.
- A majority of loans and other lending related activities are in the institution's AA.
- The geographic distribution of loans reflects excellent dispersion throughout the AA.
- The distribution of borrowers reflects, given the demographics of the AA, excellent penetration among individuals of different income levels, including LMI, and businesses of different revenue sizes.
- The institution has taken noteworthy, creative action in response to substantiated complaints about its performance in meeting AA credit needs.

The Community Development Test is rated Satisfactory.

The institution's Community Development (CD) performance demonstrates adequate responsiveness to CD needs in its AAs through CD loans, qualified investments, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the institution's AAs.

DESCRIPTION OF INSTITUTION

Beneficial State Bank (BSB) is a full-service commercial bank headquartered in Oakland, California (CA), with \$1.3 billion in total assets as of March 31, 2021. The institution received an “Outstanding” rating at its previous FDIC Performance Evaluation dated January 22, 2019, based on Interagency Intermediate Small Institution Examination (ISB) Procedures.

BSB is a wholly-owned subsidiary of Beneficial State Bancorp, Inc., a one-bank holding company. Beneficial State Bancorp is a certified Community Development Financial Institution (CDFI) commercial bank holding company with a mission to build prosperity in its communities through banking services delivered in an economically and environmental sustainable manner. Beneficial State Foundation (Foundation) is a nonprofit entity that owns all of the bank's economic rights. This entity has bylaws mandating that the profits the Foundation receives as dividends must be reinvested into the community.

The bank offers commercial and retail loan and deposit products to its customers with a footprint that includes offices in CA, Oregon (OR), and Washington (WA). Products include, checking, savings, certificates of deposit, money market, and individual retirement accounts. Alternative banking services include online banking, telephone transfers, remote deposit, and electronic bill payments. Management specializes in subprime auto lending for under-served consumers, multi-family, and commercial real estate lending for mission-oriented businesses. The bank's primary business focus has not changed since the previous evaluation; and there was no merger or acquisition activities during this evaluation period.

Currently, BSB operates a total of seven full-service branches and one Loan Production Office (LPO) in three states. There are three branches (only one branch has an automated teller machine (ATM)), and one LPO in CA; three branches with ATMs in OR; and one branch with an ATM in WA. The bank also operates one stand-a-lone ATM in Portland, OR. Hours of operation are consistent among all branches, Monday through Friday, 10:00 a.m. to 4:00 p.m.

BSB opened one branch in Santa Rosa, CA, in 2019, and subsequently closed the same branch location in 2020. The branch was located in a moderate CT surrounded by moderate and upper-income tracts. BSB also relocated one Portland branch in September 2020, from 320 NW 10th Avenue to 430 NW 10th Avenue, Portland, OR, both located in upper-income CTs; and simultaneously consolidated the 1101 SW Washington Street, which is not located in or adjacent to LMI tracts, with 430 NW 10th Avenue, Portland, OR. The bank's branch closures and relocations did not cause major impact to LMI areas. A list of branches closed during the evaluation period is as follows:

Branch	City	State	AA	Date Closed	Tract Income Level
13131 Sherman Way	North Hollywood	CA	Los Angeles AA	July 2019	Middle
4020 NE Fremont St	Portland	OR	Portland AA	September 2019	Upper
4623 McHenry Ave	Modesto	CA	Bay Area AA	January 2020	Middle
980 9th St Suite 2080	Sacramento	CA	Sacramento AA	May 2020	Not Available
1101 SW Washington St	Portland	OR	Portland AA	September 2020	Not Available
3401 Pacheco Rd	Bakersfield	CA	Bakersfield AA	December 2020	Middle
268 N Main St	Porterville	CA	Visalia AA	December 2020	Moderate
4025 W Caldwell Ave Suite E	Visalia	CA	Visalia AA	December 2020	Upper
804 4th St	Santa Rosa	CA	Bay Area AA	December 2020	Moderate
8040 N Lombard St	Portland	OR	Portland AA	December 2020	Moderate
<i>Source: Bank Data</i>					

The bank had total assets of \$1.4 billion as of March 31, 2021, based on information from the Reports of Condition and Income (Call Report), including total loans of \$1.0 billion and total deposits of \$1.2 billion. Since the previous evaluation, the bank's total assets increased by \$363.4 million or 26.3 percent; total loans have increased by \$273.8 million or 35.0 percent; and total deposits have increased by \$353.8 million, or 29.7 percent.

The loan portfolio distribution by loan type is illustrated in the following table.

Loan Portfolio Distribution as of 3/31/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	4,194	0.4
Secured by Farmland	65	0.0
Secured by 1-4 Family Residential Properties	45,725	4.4
Secured by Multifamily (5 or more) Residential Properties	249,579	23.8
Secured by Nonfarm Nonresidential Properties	270,477	25.8
Total Real Estate Loans	570,040	54.4
Commercial and Industrial Loans	328,829	31.4
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	149,845	14.3
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	0	0.0
Total Loans	1,048,714	100.0
<i>Source: Call Report</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 assessment area credit needs.

DESCRIPTION OF ASSESSMENT AREAS

BSB's designated bank-wide AA is delineated throughout CA, Portland, OR, and Seattle, WA. Changes to the institution's bank-wide AA during the evaluation period include, the Bay Area and Sacramento AAs. The changes are as follows:

- The Modesto-Merced Combined Statistical Area (CSA) #382 was added to the San Jose-San Francisco-Oakland, CA CSA #488 in 2018; and eliminated from the Bay Area AA in 2020 due to a branch closure.
- The Sacramento-Roseville-Folsom Metropolitan Statistical Area (MSA) #40900 was eliminated as an AA in 2020 due to a branch closure.

Due to these changes and to reflect the bank's lending performance in 2020, the Modesto-Merced CSA #382, and the Sacramento-Roseville-Folsom MSA #40900 are removed from the Lending Test.

The CA State AAs are described below:

- Bay Area AA: Includes the entirety of the Oakland-Berkeley-Livermore, CA Metropolitan Division (MD) #36084 (Alameda and Contra Costa Counties) and San Francisco-San Mateo-Redwood City, CA MD #41884 (San Francisco and San Mateo Counties); the entirety of the Modesto, CA MSA #33700 (Stanislaus County); and the Merced, CA MSA

#32900 (Merced County). The AA also includes the entirety of the Santa Rosa-Petaluma, CA MSA #42220 (Sonoma County). Combined, these areas represent a portion of the San Jose-San Francisco-Oakland, CA CSA #488.

- Fresno-Madera-Hanford AA: Includes the entirety of the Fresno, CA MSA #23420 (Fresno County), the entirety of the Madera, CA MSA #31460 (Madera County), and the entirety of Hanford-Corcoran, CA MSA #25260 (King County). Combined, these areas represent the entirety of the Fresno-Madera-Hanford, CA CSA #260.
- Los Angeles AA: Includes the entirety of the Los Angeles-Long Beach-Glendale, CA MD #31084 (Los Angeles County).
- Visalia AA: Includes the entirety of the Visalia, CA MSA #47300 (Tulare County).
- Bakersfield AA: Includes the entirety of Bakersfield, CA MSA #12540 (Kern County).
- Sacramento AA: Includes only Sacramento County in the Sacramento-Roseville-Folsom, CA MSA #40900.

The OR State AA is described below:

- Portland AA: Includes a portion of the Portland-Vancouver-Hillsboro, OR MSA #38900, including the entireties of Clackamas, Multnomah, and Washington Counties (all are located in OR State). This area represents three of the seven counties in the MSA.

The WA State AA is described below:

- Seattle AA: Includes the entirety of the Seattle-Bellevue-Kent, WA MD #42644; which are King and Snohomish Counties.

The bank-wide AA conforms to the requirements of the CRA regulation and does not arbitrarily exclude LMI geographies or individuals. Refer to the individual AA sections for specific demographic, economic, and other additional information.

During the evaluation period, the Federal Emergency Management Agency (FEMA) declared Designated Disaster Areas for the following areas:

CA

2020 – COVID-19 Pandemic

- DR-4482-CA, FEMA-4482-DR, 3/20/2020 (California statewide)

2020 – Fire

- DR-4569-CA, FEMA-4569-DR, 10/16/2020 (Sonoma)
- DR-4558-CA, FEMA-4558-DR, 8/22/2020 (Sonoma)

2019 – Severe Winter Storms, Flooding, Landslides, and Mudslides

- DR-4434-CA, FEMA-4434-DR, 6/24/2019 (Sonoma)

OR

2020 – COVID-19 Pandemic

- DR-4499-OR, FEMA-4499-DR, 3/28/2020 (Oregon statewide)

2019 – Wildfires and Straight-line Winds

- DR-4562-OR, FEMA-4562-DR, 1/22/2021 (Multnomah, Clackamas, Washington)

WA

2020 – COVID-19 Pandemic

- DR-4481-WA, FEMA-4481-DR, 3/22/2020 (Washington statewide)

2019 – Severe Winter Storms, Flooding, Landslides, and Mudslides

- DR-4539-WA, FEMA-4539-DR, 4/23/2020 (Snohomish)

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated January 22, 2019, to the current evaluation dated June 28, 2021. Examiners used ISB Examination Procedures to evaluate BSB's CRA performance.

A full-scope review of the Bay Area was chosen as it represents a majority of the bank's overall small business and consumer lending activities; and limited-scope procedures were used at the previous evaluation. Full-scope procedures were also used for the Fresno-Madera-Hanford, Portland, and Seattle AAs. Limited-scope procedures were used for the Los Angeles, Visalia, Bakersfield, and Sacramento AAs.

Activities Reviewed

According to the March 31, 2021, Call Report, the bank's primary lending focus is commercial loans (commercial real estate and commercial and industrial), followed by multi-family loans, and consumer loans, representing 57.2 percent, 23.8 percent, and 14.3 percent of total loans, respectively. Small farm loans do not represent a major product line; therefore, the product provides no material support for conclusions, and is not presented in this evaluation. While multi-family loans represent a significant product line by total dollar volume, multi-family lending decreased by 10.2 percent since the previous evaluation. Moreover, in 2019, the bank originated only 11 multi-family loans totaling \$23.1 million; and in 2020, the bank originated 40 multi-family loans totaling \$69.3 million. At the previous evaluation, multi-family lending constituted the largest percentage of the lending activity. At the current evaluation period, the bank scaled back its operation in multi-family lending; and by number, multi-family represents only 3.3 percent of total lending in 2019, and 3.6 percent of total lending in 2020. For these reasons, they are not presented in this evaluation. Examiners considered small business and consumer loans for the Lending Test. BSB was not subject to Home Mortgage Disclosure Act (HMDA) reporting requirements during the evaluation period.

Small Business Loans

In 2019, the bank originated 416 small business loan totaling \$51.4 million; and in 2020, the bank originated 1,192 small business loans totaling \$118.9 million. Year-to-date 2021 lending activity does not represent a full calendar year; and therefore is not presented in the Lending Test. For the evaluation period, these totals represent the annual universe used for analysis under the Lending Test. Although not required, BSB collected small business loan data and examiners used the universe of small business loans for analysis. .

The bank's small business lending performance is compared to data provided from D&B during 2019 and 2020. This data includes the geographic location and Gross Annual Revenues (GARs) of businesses that chose to report such data to D&B. It should be noted that D&B data includes all businesses in a given area that voluntarily respond to a survey request, including a large number of very small businesses that have limited or no credit needs from traditional financial institutions. This data is used to assess the bank's performance for geographic distribution and borrower profile. The D&B data is only used as an indicator of business demographics in the AA, and it is not considered an absolute comparable for loan demand.

Lastly, because BSB is not a CRA reporter, aggregate lending data for 2019 is used only to understand loan demand and competition in the area under the geographic distribution and borrower profile analyses, and may be reflected for performance context only. Aggregate data is not reflected in any lending table. Aggregate data comes from institutions subject to CRA data collection and reporting requirements, and demonstrates the ability of large institutions to lend in LMI geographies, and to businesses of different revenue sizes in the AAs.

Small business loans carried the greatest weight in the overall loan analyses given the bank's lending strategy and loan concentration.

Consumer Loans

In 2019, the bank originated 2,803 consumer loans totaling \$48.2 million; and in 2020, the bank originated 3,803 consumer loans totaling \$73.4 million. The American Community Survey (ACS) data was used to gauge the level of opportunity for geographic distribution and borrower profile analyses. Examiners considered the universe of consumer loans for both years in their analysis.

Throughout this evaluation period, the distribution lending performance focuses on the number of loans originated in the bank's AA. The bank's performance by dollar volume is not substantially different from its performance by number for the geographic distribution and borrower profile elements of the Lending Test. The overall conclusions in this analysis are based on a variety of performance context factors that affect the conclusions within each AA. Based on BSB's distribution of deposits, branches, loans, and CD activity, examiners placed the greatest weight for rating the bank's performance on the state of CA. The institution's performance regarding the geographic distribution of loans and borrower profile received greater weight in the Lending Test.

The evaluation for the CD Test includes a quantitative and qualitative review of CD lending, qualified investments and donations, and CD service activities from January 22, 2019 through June 28, 2021.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

BSB's lending performance is "Outstanding" under the Lending Test. Conclusion for the overall performance is consistent with states of CA and OR, and inconsistent with the state of WA.

Loan-to-Deposit Ratio

BSB's average net LTD ratio is more than reasonable given the institution's asset size, financial condition, and AA credit needs. The average net LTD ratio is 88.1 percent over the previous 9 quarters. The ratio ranged from a low of 85.5 percent as of March 31, 2020, to a high of 91.8 percent as of September 30, 2020. The ratio remained generally stable throughout the evaluation period. The current loan to deposit ratio is 86.8 percent as of March 31, 2021. Examiners did not identify any similarly-situated institutions based on the institution's asset size, geographic location, and lending focus; and therefore, there are no financial institutions for comparison purposes to the bank's LTD ratio.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2021 (\$000s)	Average Net LTD Ratio (%)
Beneficial State Bank	\$1,378,518	88.1
<i>Source: Reports of Condition and Income 3/31/2019 – 3/31/2021</i>		

Assessment Area Concentration

A majority of small business and consumer loan activities are in the institution's bank-wide AA.

Small Business Loans

BSB originated a majority of its small business loans within its bank-wide AA. The following table illustrates the lending performance during this evaluation period. Overall, small business lending improved compared to the previous evaluation where the bank originated 70.9 percent and 77.5 percent, by number and dollar volume, respectively. Lending to small businesses reflects an upward trend in 2020 primarily due to the Small Business Administration (SBA) Payment Protection Program (PPP) lending resulting from COVID-19.

Consumer Loans

BSB originated the majority of its consumer loans within the bank-wide AA. Consumer lending depicts a downward trend from the previous evaluation when compared to 82.8 percent and 81.6 percent, by number and dollar, respectively.

Lending Inside and Outside of the Bank-wide Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2019	306	73.6	110	26.4	416	42,182	82.0	9,282	18.0	51,464
2020	1,016	85.2	176	14.8	1,192	99,787	83.9	19,102	16.1	118,889
Subtotal	1,322	82.2	286	17.8	1,608	141,969	83.3	28,384	16.7	170,353
Consumer										
2019	1,985	70.8	818	29.2	2,803	33,405	69.4	14,754	30.6	48,159
2020	1,964	51.6	1,839	48.4	3,803	37,669	51.3	35,752	48.7	73,421
Subtotal	3,949	59.8	2,657	40.2	6,606	71,074	58.5	50,506	41.5	121,580
Total	5,271	64.2	2,943	35.8	8,214	213,043	73.0	78,890	27.0	291,933
Source: Bank Data Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The overall geographic distribution of small business and consumer loans reflect excellent dispersion throughout the bank-wide AA. This conclusion is consistent with performance in the state of CA and is inconsistent with performances in the states of OR and WA.

Borrower Profile

The overall distribution of borrowers reflects, given the demographics of the bank-wide AA, excellent penetration among individuals of different income levels, including LMI, and businesses of different revenue sizes. This conclusion is consistent with performances in the states of CA and OR and is inconsistent with performance in the state of WA.

Response to Complaints

The institution has taken noteworthy, creative action in response to substantiated complaints about its performance in meeting AA credit needs. Examiners assessed management's response to the complaint and determined it to be comprehensive and thorough.

COMMUNITY DEVELOPMENT TEST

BSB's CD performance demonstrates adequate responsiveness to the CD needs in its bank-wide AA through CD loans, qualified investments, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the institution's AA. While the bank demonstrated excellent responsiveness to CD lending in the Bay Area AA, the bank made only two bank-wide new investments during this evaluation period; and CD services declined compared to the last evaluation. The overall CD performance is consistent with each rated area.

Community Development Loans

BSB's CD lending represent 17.1 percent of average total assets, and 22.8 percent of average net loans. Ratios decreased compared to previous evaluation period, which showed 21.9 percent of average total assets and 29.6 percent of average net loans over a similar time-period. CD loans, by number, increased when compared to the previous evaluation period and the dollar volume increased approximately 10.8 percent. Although the bank originated a significant number of small dollar CD loans, overall CD lending during this evaluation period has not kept pace with the bank's significant growth in total assets and total loans.

BSB's CD lending activities, by dollar and number, have been responsive in all four CD categories with a concentration in economic development and community service. BSB originated a significant number of small dollar business loans in response to an identified credit need resulting from the COVID-19 pandemic, which helped to revitalize or stabilize its AAs. The following table illustrates CD lending by year.

Community Development Lending Bank-wide										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	13	20,724	14	14,565	17	17,815	0	0	44	53,104
2020	16	19,479	135	33,201	32	36,333	77	23,559	260	112,572
YTD 2021	4	4,535	8	5,802	10	5,842	43	13,943	65	30,122
Total	33	44,738	157	53,568	59	59,990	120	37,502	369	195,798
<i>Source: Bank Data</i>										

The following table illustrates CD lending by state. As noted, the majority of CD loans were originated in the state of CA, where the bank is headquartered, has branches, deposits, and lending activities.

Community Development Lending										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
California	6	5,475	123	42,266	30	38,264	91	28,433	250	114,438
Oregon	26	30,613	24	2,383	28	19,857	10	1,676	88	54,529
Washington	1	8,650	10	8,919	1	1,869	19	7,393	31	26,831
Total	33	44,738	157	53,568	59	59,990	120	37,502	369	195,798
<i>Source: Bank Data</i>										

Qualified Investments

BSB's total dollar amount of qualified investments and donations represents 2.8 percent of average total assets and 28.9 percent of average securities. Of the CD investment total, 98.2 percent by dollar supported affordable housing. Average total assets reflect an improvement compared to the .5 percent noted at previous evaluation. Average securities reflect a slight decline when compared to

30.7 percent at the previous evaluation. The following table illustrates the bank's qualified investments and CD donations by year and purpose.

Qualified Investments and Donations Bank-wide										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	4	31,000	0	0	0	0	0	0	4	31,000
2019	0	0	1	14	0	0	0	0	1	14
2020	0	0	1	19	0	0	0	0	1	19
YTD 2021	0	0	0	0	0	0	0	0	0	0
Subtotal	4	31,000	2	33	0	0	0	0	6	31,033
Qualified Grants & Donations	40	66	213	361	69	132	8	18	330	577
Total	44	31,066	215	394	69	132	8	18	336	31,610
<i>Source: Bank Data</i>										

The following table illustrates the bank's qualified investments and CD donations by purpose and rated area.

Qualified Investments and Donations										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
California	13	8,518	135	247	44	95	5	13	197	8,873
Oregon	12	20,021	59	121	19	32	3	5	95	20,179
Washington	19	2,527	21	26	6	5	0	0	46	2,558
Total	44	31,067	215	394	69	132	8	18	336	31,610
<i>Source: Bank Data</i>										

Community Development Services

During the evaluation period, Directors and employees provided 3,310.5 hours of financial expertise or technical assistance to 78 different community organizations or programs. The majority of these organizations are committed to CD activities benefitting LMI individuals and geographies (financial education-oriented), followed by economic development. At the previous evaluation, employees provided 3,878 CD service hours, which represented 17.1 percent more hours than the current period. The average number of service hours per employee declined by 27.0 percent during the review period. As illustrated in the table below, CD hours significantly decreased in 2020. While this performance represents a downward trend since the previous evaluation, it is mitigated by the challenges in providing CD services due to the onset of the COVID-19 pandemic. Opportunities for this type of activity diminished due to the need for social distancing. The CD services supported community services and economic development activities. The following table illustrates CD services hours by year and purpose.

Community Development Services Bank-wide					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	83.5	1,106.4	637.5	0	1,827.4
2020	39	500.3	457.0	0	996.3
YTD 2021	17	289.3	180.5	0	486.8
Total	139.5	1,896.0	1,275.0	0	3,310.5
<i>Source: Bank Data</i>					

The following table illustrates the bank's CD service hours by AA. The numbers in the following table are referred to later in this evaluation under each individual AA performance criteria conclusion section. The majority of the hours were performed in the state of CA.

Community Development Services by Rated Area					
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
California	28	1,359	357	0	1,744
Oregon	12	408.5	875.5	0	1,296
Washington	99.5	128.5	42.5	0	270.5
Total	139.5	1,896.0	1,275.0	0	3,310.5
<i>Source: Bank Data</i>					

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

BSB'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.

STATE OF CALIFORNIA

CRA RATING FOR CALIFORNIA: OUTSTANDING

The Lending Test is rated: Outstanding

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CALIFORNIA

BSB delineated six AAs in the state of CA; refer to the following table. As noted under "Description of AA," the bank's AA changed between 2019 and 2020 due to branch closures. Additional information pertaining to individual AAs is outlined in the following table. Refer to individual AAs for key demographic and economic information specific to each area.

Description of Assessment Areas				
Assessment Area	Counties in Assessment Area	# of CTs	2019 # Branches	2020 # Branches
Bay Area AA	2019: Alameda, Contra Costa, San Francisco, San Mateo, Sonoma, Stanislaus and Merced Counties 2020: Alameda, Contra Costa, San Francisco, San Mateo, and Sonoma Counties	2019: 1,167 2020: 1,024	3	1
Fresno-Madera-Hanford AA	Fresno and Madera	222	1	1
Visalia AA	Tulare and Kings	105	1	1
Bakersfield AA	Kern	151	1	1
Los Angeles AA	Los Angeles	2,346	2	1
Sacramento AA	2019: Sacramento	317	1	0
Source: Bank Records as of 12/31/2019 and 12/31/2020				

SCOPE OF EVALUATION – CALIFORNIA

Based on lending activity, deposit volume, and branch distribution, the Bay Area AA was reviewed using full-scope procedures. The Fresno AA was selected for review using full-scope procedures as the AA has not been reviewed using these procedures at either of the previous two CRA Evaluations. The remaining AAs in CA were reviewed using limited-scope procedures. The Bay Area AA received the greatest weight in determining overall conclusions, followed by Fresno-Madera-Hanford, Los Angeles, Visalia, Bakersfield, and Sacramento AAs. Refer to the following table.

Assessment Area Breakdown of Loans and Deposits						
Assessment Area	Loans		Deposits 2019		Deposits 2020	
	\$(000s)	%	\$(000s)	%	\$(000s)	%
Bay Area AA	51,895	41.3	465,677	83.9	546,188	85.5
Fresno-Madera-Hanford AA	23,613	18.8	8,265	1.5	8,941	1.4
Los Angeles AA	24,782	19.7	25,401	4.6	48,295	7.6
Visalia-Porterville AA	15,940	12.8	35,666	6.4	30,847	4.8
Bakersfield AA	7,145	5.7	5,246	0.9	4,728	0.7
Sacramento AA	2,305	1.8	14,856	2.7	-	-
Total	125,680	100.0	555,111	100.0	638,999	100.0
<i>Source: 2019 and 2020 Small Business & Consumer loans - Bank Records; FDIC Summary of Deposits (06/30/2020)</i>						

CONCLUSIONS ON PERFORMANCE CRITERIA IN CALIFORNIA

LENDING TEST

BSB is rated excellent in the Lending Test for CA. Performance is consistent with individual AAs, except the Visalia AA, where the performance is inconsistent.

Geographic Distribution

The overall geographic distribution of loans reflect excellent dispersion throughout the state of CA. Performances in the Bay Area, Bakersfield, and Los Angeles AAs are consistent with this conclusion. The Fresno, Visalia and Sacramento AAs are inconsistent with this performance.

Borrower Profile

The overall borrower profile of loans reflects excellent penetration throughout CA. Performance in the Bay Area, Fresno-Madera-Hanford, Bakersfield, Los Angeles and Sacramento AAs are consistent with this conclusion. Visalia AA show inconsistent performances.

COMMUNITY DEVELOPMENT TEST

BSB's CD performance in the state of CA demonstrates adequate performance under the CD Test. Performances in all individual AAs are consistent except the Visalia, Bakersfield, and Sacramento AAs, where performances are inconsistent with this conclusion.

Community Development Loans

BSB's CD loans in the state of CA represent 58.4 percent of bank-wide total CD loans by dollar. The following table illustrates CD loan activity in the state of CA during the evaluation period. BSB made 95 CD loans totaling \$123.4 at the previous evaluation period. The current period CD lending more than doubled by number but declined by dollar volume compared to the previous evaluation.

Community Development Lending										
Activity by AA	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Bay Area AA	3	3,480	65	23,378	14	15,558	73	26,810	155	69,226
Fresno-Madera-Hanford AA	2	1,060	10	773	1	1,000	6	198	19	3,031
Visalia-Porterville AA	1	935	1	67	0	0	2	310	4	1,312
Bakersfield AA	0	0	9	582	5	2,765	0	0	14	3,347
Los Angeles AA	0	0	32	6,215	9	17,441	9	989	50	24,645
Sacramento AA	0	0	6	11,251	1	1,500	1	126	8	12,877
Total	6	5,475	123	42,266	30	38,264	91	28,433	250	114,438
Source: Bank Data										

Qualified Investments

BSB's qualified investments and donations in the state of CA represent 58.2 percent by number and 24.9 percent of by dollar volume of the bank-wide AA qualified investments and donations. BSB had 155 qualified investments and donations totaling \$8.8 million at the last examination. The number of qualified investments and donations increased by 25.8 percent compared to the last evaluation. The bank did not make any new investments during this evaluation period. The bank allocated a majority of the donations toward affordable housing, which is considered a CD need.

Qualified Donations Statewide California										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Bay Area AA	8	13	74	109	25	41	4	10	111	173
Fresno-Madera-Hanford AA	0	0	16	20	5	10	0	0	21	30
Sacramento AA	0	0	8	11	3	2	0	0	11	13
Visalia-Porterville AA	0	0	4	5	3	8	0	0	7	13
Bakersfield AA	0	0	5	12	0	0	0	0	5	12
Los Angeles AA	3	5	28	90	8	34	1	3	40	132
Total	11	18	135	247	44	95	5	13	195	373
Source: Bank Data										

Qualified Investment Statewide California										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	8,500	0	0	0	0	0	0	2	8,500
Total	2	8,500	0	0	0	0	0	0	2	8,500
Source: Bank Data										

Below are notable statewide CD investments:

- BSB maintained a prior period \$8.5 million investment that supported affordable housing initiatives. This affordable housing loan pool provides financing to LMI individuals and seniors that need credit in smaller markets such as Bakersfield, Merced, Visalia and Santa Rosa.

Community Development Services

BSB's level of CD services performance for the state of CA is approximately 12.8 percent lower than the 2,001 hours provided during the previous evaluation. BSB's CD serviced performance is consistent across all AAs in CA, with the exception of the Fresno-Madera and Bakersfield AAs. Refer to the full-scope AA for notable CD service examples. The following table illustrates CD services provided by AA and purpose.

Community Development Services by California					
Rated Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Bay Area AA	28	414.2	311.5	0	753.7
Los Angeles AA	0	469.3	19.0	0	488.3
Fresno-Madera-Hanford AA	0	74.1	4.5	0	78.6
Visalia-Porterville AA	0	314.8	22.0	0	336.8
Bakersfield AA	0	7.7	0	0	7.7
Statewide	0	79.0	0	0	79.0
Total	28	1,359.1	357	0	1,744.1
<i>Source: Bank Data</i>					

Below are notable statewide CD services provided during the evaluation period:

- Bank employees provided 79.0 hours of financial education to LMI individuals providing statewide community services.

BAY AREA ASSESSMENT AREA Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE BAY AREA ASSESSMENT AREA

The Bay Area AA is a contiguous area within the San Jose-San Francisco-Oakland, CA CSA #488. The CSA is comprised of the following MSAs and counties: 1) Oakland-Berkeley-Livermore, CA MD #36084 (Alameda and Contra Costa Counties); 2) San Francisco-San Mateo-Redwood City, CA MD #41884 (San Francisco and San Mateo Counties); 3) Modesto, CA MSA #33700 (Stanislaus County); 4) Merced, CA MSA #32900 (Merced County); and 5) Santa Rosa-Petaluma, CA, MSA #42220 (Sonoma County). During the evaluation period, the institution operated three branches in this AA;

however, in January 2020, one branch closed in Modesto, which changed the delineation of the AA. The Bay Area AA is representative of the bank's physical presence, marketing efforts, and geographic area served. The AA meets regulatory requirements and does not arbitrarily exclude LMI geographies. Based on 2015 ACS Census data, the Bay Area AA consists of following CT income designations:

2019

- 118 low-income
- 269 moderate-income
- 384 middle-income
- 380 upper-income
- 16 without an income designation

2020

- 113 low-income
- 222 moderate-income
- 329 middle-income
- 344 upper-income
- 16 without an income designation

Economic and Demographic Data

The following tables illustrates select AA demographic characteristics by year.

Demographic Information of the Bay Area 2019						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,167	10.1	23.1	32.9	32.6	1.4
Population by Geography	5,556,875	9.3	23.1	35.3	32.0	0.3
Housing Units by Geography	2,122,004	9.4	22.1	34.7	33.3	0.5
Owner-Occupied Units by Geography	1,073,100	3.9	17.7	36.5	41.8	0.1
Occupied Rental Units by Geography	918,121	15.2	27.1	32.7	24.1	0.9
Vacant Units by Geography	130,783	13.0	24.1	33.8	28.2	0.9
Businesses by Geography	478,449	10.1	19.0	30.3	39.9	0.7
Farms by Geography	10,107	4.3	17.1	40.2	38.2	0.1
Family Distribution by Income Level	1,285,083	24.0	16.3	18.2	41.5	0.0
Household Distribution by Income Level	1,991,221	25.7	15.1	16.5	42.7	0.0
Median Family Income MSA - 32900 Merced, CA MSA		\$46,793	Median Housing Value			\$560,039
Median Family Income MSA - 33700 Modesto, CA MSA		\$55,611	Median Gross Rent			\$1,434
Median Family Income MSA - 36084 Oakland-Berkeley-Livermore, CA		\$93,822	Families Below Poverty Level			9.0%
Median Family Income MSA - 41884 San Francisco-San Mateo-Redwood City, CA		\$103,742				
Median Family Income MSA - 42220 Santa Rosa-Petaluma, CA MSA		\$77,587				
Source: 2015 ACS and 2019 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.						

Demographic Information of the Bay Area 2020						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,024	11.0	21.7	32.1	33.6	1.6
Population by Geography	4,765,623	10.4	22.5	34.4	32.3	0.4
Housing Units by Geography	1,857,772	10.3	21.4	34.0	33.7	0.6
Owner-Occupied Units by Geography	937,022	4.2	17.3	36.0	42.3	0.1
Occupied Rental Units by Geography	807,311	16.7	26.1	31.9	24.3	1.0
Vacant Units by Geography	113,439	14.5	22.3	33.0	29.1	1.1
Businesses by Geography	439,684	10.8	18.1	29.9	40.4	0.8
Farms by Geography	7,176	6.0	17.0	39.2	37.7	0.2
Family Distribution by Income Level	1,100,779	24.2	16.2	18.2	41.5	0.0
Household Distribution by Income Level	1,744,333	25.9	14.9	16.3	42.8	0.0
Median Family Income MSA - 36084 Oakland-Berkeley-Livermore, CA		\$93,822	Median Housing Value			\$613,511
Median Family Income MSA - 41884 San Francisco-San Mateo-Redwood City, CA		\$103,742	Median Gross Rent			\$1,500
Median Family Income MSA - 42220 Santa Rosa-Petaluma, CA MSA		\$77,587	Families Below Poverty Level			7.5%
Source: 2015 ACS and 2020 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 FFIEC publishes annual estimates of median family incomes by MSAs and non-metropolitan areas. The following table illustrates FFIEC estimated 2019 and 2020 median family incomes in the AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Merced, CA MSA Median Family Income (32900)				
2019 (\$55,500)	<\$27,750	\$27,750 to <\$44,400	\$44,400 to <\$66,600	≥\$66,600
Modesto, CA MSA Median Family Income (33700)				
2019 (\$64,500)	<\$32,250	\$32,250 to <\$51,600	\$51,600 to <\$77,400	≥\$77,400
Oakland-Berkeley-Livermore, CA Median Family Income (36084)				
2019 (\$111,700)	<\$55,850	\$55,850 to <\$89,360	\$89,360 to <\$134,040	≥\$134,040
2020 (\$119,200)	<\$59,600	\$59,600 to <\$95,360	\$95,360 to <\$143,040	≥\$143,040
San Francisco-San Mateo-Redwood City, CA Median Family Income (41884)				
2019 (\$133,800)	<\$66,900	\$66,900 to <\$107,040	\$107,040 to <\$160,560	≥\$160,560
2020 (\$140,900)	<\$70,450	\$70,450 to <\$112,720	\$112,720 to <\$169,080	≥\$169,080
Santa Rosa-Petaluma, CA MSA Median Family Income (42220)				
2019 (\$93,300)	<\$46,650	\$46,650 to <\$74,640	\$74,640 to <\$111,960	≥\$111,960
2020 (\$102,700)	<\$51,350	\$51,350 to <\$82,160	\$82,160 to <\$123,240	≥\$123,240
<i>Source: FFIEC</i>				

Data obtained from the U.S. Bureau of Labor and Statistics (BLS) illustrates unemployment rates through the evaluation period. The unemployment rate significantly increased during 2020 in all areas due to the COVID-19 pandemic. The following table illustrates the 2019 and 2020 unemployment rates for the counties within the AA. The state and national unemployment rates are also illustrated for comparison purposes.

Unemployment Rates		
MSA or MD	2019	2020
	%	%
Oakland-Berkeley-Livermore	2.8	7.6
San Francisco-San Mateo-Redwood City	2.0	6.2
Santa Rosa	2.6	6.6
Modesto	6.0	-
Merced	8.5	-
State	4.0	9.3
National Average	3.7	6.7
<i>Source: BLS</i>		

The following sections provide specific information about each MSA or MD in the AA.

Oakland-Berkeley-Livermore MD

According to Moody's Analytics of November 2020, the Oakland-Berkeley-Livermore MD is slowly recovering from the COVID-19 pandemic. The rapid spread of COVID-19 delayed the return to business as usual. Similar to other Bay Area counties, Alameda operates under stay-at-

home orders, while most nonessential businesses are closed. Widespread business closures precipitated layoffs even with a stimulus that extended emergency federal unemployment benefits. The area's gross domestic product (GDP) and total employment growth are negative for 2020. Additionally, job growth lags the state and national average. Issuance of construction permits for single-family and multi-family decreased year-over-year, while the state and nation have improved. The region's top employers include University of California, Berkley; Western Digital; and Chevron Corp. The cost of living and doing business is above average at 148.0 percent, and 122.0 percent, respectively. High tech, the federal government, and the medical field are the main drivers of economic growth in the area.

San Francisco-San Mateo-Redwood City MD

According to Moody's Analytics of November 2020, San Francisco-San Mateo-Redwood City MD is slowly recovering from the COVID-19 pandemic. The job recovery is lagging the state and national averages. The commercial real estate industry was hit hard by the pandemic. The rapid spread of COVID-19 delayed the return to business as usual. The option to work from home has kept office workers employed. Commercial real estate prices for apartments are down more than 15.0 percent, compared with a less than 2.0 percent drop nationally. Mandated closures and working from home affected the demand for commercial space. Population growth also slowed for much of the last business cycle because of the number of people moving out, particularly among low- and mid-wage earners who could no longer afford the nation's highest living costs. The region's top employers include University of California, San Francisco; Salesforce.com Inc., and Wells Fargo. The cost of living and doing business is high at 195.0 percent and 169.0 percent, respectively. High tech, the financial sector, and the medical field are the main drivers of economic growth in the area.

Santa Rosa-Petaluma MSA

According to Moody's Analytics of April 2021, the Santa Rosa-Petaluma MSA recovery has slowed as evidenced by a drop in employment in December of 2020. As a result of rising COVID-19 cases, businesses struggled to operate at full capacity as the state enforced mandates to slow the spread of the virus. Leisure and hospitality were the worst performing industries with payrolls down by nearly 40.0 percent. The economy relies heavily on visitor spending. Producers were able to weather the pandemic better than the services industries. The area is a leader in organic food production, and known for its excellent wineries. Housing has performed well with price increases, which is the fastest pace in more than two years. The demand for housing is increasing as more businesses are allowing employees to remote work. This business strategy has drawn more residents to the area driving the housing demand and prices to increase rapidly. The cost of living and doing business is high at 140.0 percent and 115.0 percent, respectively. The region's top employers include, Kaiser Permanente, Graton Resort & Casino, St. Joseph Health System, Keysight Technologies, and Safeway Inc.

Modesto-Merced MSA

According to Moody's Analytics of March 2020, the Modesto-Merced encountered a devastating economic impact caused by the COVID-19 pandemic. The unemployment in March reached 7.1 percent, which has risen in one month as much as it fell in the previous two years. Consumer industries were among the hardest impacted as lockdown orders crippled retail and leisure/hospitality. Manufacturers faced volatile demand because of uncertain labor supply. Closures of nonessential businesses resulted in layoffs and declining income. Telework has kept

most workers in the financial and business/professional services employed. The area has a large employment base in food processing. Prices for perishable food such as meat and fresh produce have declined because of lower demand due to restaurant closures. Some of the strengths of the area is the living and business costs is much lower than many parts of the state. The cost of living and doing business is very high at 106.0 percent and 116.0 percent, respectively. The region's top employers include, E&J Gallo Winery, Doctors Medical Center, Memorial Medical Center, Foster Farms and Del Monte Foods.

Competition

The AA is a highly competitive market for financial services. According to the June 30, 2020 FDIC Deposit Market Share Report, 74 financial institutions operate 1,154 offices in the AA, which includes BSB and its 2 branch locations, Oakland and Sonoma. BSB is ranked 42nd, with a deposit market share of 0.1 percent. Finally, there is a high level of competition for small business loans among banks in the AA. In 2019, aggregate lending data shows that 188 lenders originated 184,071 small business loans in the Bay Area AA, indicating a high degree of competition for this product. Aggregate lending data for 2020 was not available at the time of this evaluation. The 5 most prominent small business lenders in the Bay Area AA are large national banks that accounted for 49.6 percent of the total small business loan market share.

Community Contacts

Examiners reviewed one existing community contact with an organization serving San Francisco County to help identify credit needs in the AA. The organization is an advocate for CRA that encourages investments, services, and credit in low-income communities. The contact indicated that the COVID-19 pandemic hurt the region economically, particularly in the small retail and hospitality industries. The contact also indicated that the affordable housing issue was heightened because of the pandemic. The high cost of living and lost wages affected local resident paying rent and financing mortgages. The contact identified a need for small business and home mortgage lending to help the region recover. The contact also stated that opportunities exist for financial institutions to assist small retail businesses and low-income residents through increased lending.

Credit and Community Development Needs and Opportunities

Considering area demographics, economic data, and conversations with bank management and a community contact, examiners determined that small business lending and affordable housing are the most significant credit needs in the AA. Opportunities exist for meeting the needs of both small business lending and affordable housing.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE BAY AREA ASSESSMENT AREA

LENDING TEST

BSB's small business and consumer lending performance demonstrates excellent performance under the Lending Test in the Bay Area AA.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the AA. This conclusion is supported by excellent performance for small business and consumer loan products.

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion throughout the AA. The following table illustrates the geographic distribution of small business loans in the Bay Area AA by year.

Geographic Distribution of Small Business Loans					
Assessment Area: Bay Area AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	10.6	4	8.0	846	7.3
2020	10.8	47	20.8	5,741	19.2
Moderate					
2019	18.0	16	32.0	2,487	21.5
2020	18.1	41	18.1	6,195	20.7
Middle					
2019	30.0	12	24.0	3,296	28.5
2020	29.9	52	23.0	7,292	24.4
Upper					
2019	40.6	18	36.0	4,950	42.8
2020	40.4	84	37.2	10,561	35.3
Not Available					
2019	0.8	0	0.0	0	0.0
2020	0.8	2	0.9	158	0.5
Totals					
2019	100.0	50	100.0	11,579	100.0
2020	100.0	226	100.0	29,947	100.0
<i>Source: 2019&2020 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

In 2019, the bank's lending to low-income CTs is slightly below the percentages of businesses. Aggregate data at 8.9 percent, indicates a lower demand for small business loans. Lending to moderate-income CTs significantly exceeds the percentage of business.

In 2020, the bank's lending to low-income CTs is 2 times greater than that of the percentage of businesses. The bank's lending in moderate-income CTs is on par with the percentages of business.

Consumer Loans

The geographic distribution of consumer loans reflects excellent dispersion throughout the AA. The following table illustrates the geographic distribution of consumer loans in the Bay Area AA by year. In 2019 and 2020, the bank's lending to LMI CTs exceeds the percentage of households reflecting excellent performance.

Geographic Distribution of Consumer Loans					
Assessment Area: Bay Area AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2019	9.1	35	10.0	669	11.6
2020	10.0	46	19.3	856	18.6
Moderate					
2019	22.0	110	31.4	1,802	31.3
2020	21.4	79	33.2	1,605	34.8
Middle					
2019	34.7	143	40.9	2,295	39.8
2020	34.1	79	33.2	1,420	30.8
Upper					
2019	33.7	62	17.7	994	17.3
2020	34.0	34	14.3	728	15.8
Not Available					
2019	0.5	0	0.0	0	0.0
2020	0.5	0	0.0	0	0.0
Totals					
2019	100.0	350	100.0	5,760	100.0
2020	100.0	238	100.0	4,609	100.0
<i>Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

BSB's distribution of borrowers reflects excellent penetration among businesses of different revenue sizes and borrowers of different income levels. This conclusion is supported by excellent performance for small business and consumer loan products.

Small Business Loans

The distribution of small business loans reflects, given the demographics of the AA, excellent penetration among businesses of different revenue sizes. The following table illustrates the borrower distribution of small business loans in the Bay Area AA by year.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Bay Area AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	87.2	27	54.0	3,133	27.1
2020	87.4	13	5.8	3,663	12.2
>1,000,000					
2019	5.3	23	46.0	8,446	72.9
2020	5.0	14	6.2	4,675	15.6
Revenue Not Available					
2019	7.5	0	0.0	0	0.0
2020	7.6	199	88.1	21,609	72.2
Totals					
2019	100.0	50	100.0	11,579	100.0
2020	100.0	226	100.0	29,947	100.0
Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

The bank's 2019 lending to small businesses is below the percentage of D&B small businesses. Aggregate data for 2019 show 51.5 percent of the loans are made to businesses with GARs of \$1 million or less, which indicates a moderate loan demand. While BSB does not report its small business lending data, aggregate lending data cannot be used as a direct comparison, but does provide context to the bank's small business lending performance. Considering loan demand, BSB lending percentage for 2019 is favorable.

Due to the significant volume of loans without revenue information in 2020, examiners could not conduct a meaningful analysis of lending to businesses of different revenue sizes for 2020. As such, examiners evaluated PPP loans using loan size as a proxy for those with revenues not available. As shown in the following table, a majority of PPP loans had loan sizes of less than \$100,000, indicating that the bank is helping to serve the credit needs of small businesses in the AA.

Distribution of PPP Loans by Loan Size (Bay Area AA)				
Loan Size	#	%	\$(000s)	%
< \$100,000	143	71.8	4,393	20.3
\$100,000 - \$249,999	27	13.6	4,305	19.9
\$250,000 - \$1,000,000	29	14.6	12,911	59.7
Total	199	100.0	21,609	100.0
Source: 1/01/2020 – 12/31/2020 Bank Data; Due to rounding totals may not equal 100.0				

This performance is considered excellent in the overall context of lending to small businesses in 2020.

Consumer Loans

The distribution of consumer loans reflects, given the demographics of the AA, excellent penetration among individuals of different income levels. In 2019 and 2020, the bank's lending to LMI individuals exceeds the percentage of households reflecting an excellent performance. The following table illustrates the borrower distribution of consumer loans in the Bay Area AA by year.

Distribution of Consumer Loans by Borrower Income Level					
Assessment Area: Bay Area AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2019	25.7	91	26.0	1,470	25.5
2020	25.9	120	50.4	2,049	44.5
Moderate					
2019	15.1	107	30.6	1,694	29.4
2020	14.9	68	28.6	1,465	31.8
Middle					
2019	16.5	94	26.9	1,477	25.6
2020	16.3	33	13.9	708	15.4
Upper					
2019	42.7	58	16.6	1,119	19.4
2020	42.8	17	7.1	387	8.4
Not Available					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
Totals					
2019	100.0	350	100.0	5,760	100.0
2020	100.0	238	100.0	4,609	100.0
<i>Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

BSB's performance demonstrates adequate performance under the CD Test in the Bay Area AA. The bank's performance demonstrate excellent responsiveness for CD loans; however, qualified investments and CD services declined compared to the previous evaluation. Examiners considered the institution's capacity as well as the availability and need for such opportunities.

Community Development Loans

BSB's CD lending reflects an increase of approximately 269.0 percent by number of loans and 81.7 percent by dollar volume since the previous evaluation. As indicated by the community contact, opportunities exist for financial institutions to assist small retail businesses and low-income residents through increased lending. BSB addressed those needs by providing a significant number

of CD loans through community services and revitalization/stabilization. The following table illustrates CD loans by purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	1	1,350	4	1,015	2	150	0	0	7	2,515
2020	2	2,130	57	16,913	12	15,409	46	18,155	117	52,607
2021	0	0	4	5,450	0	0	27	8,654	31	14,104
Total	3	3,480	65	23,378	14	15,559	73	26,809	155	69,226
<i>Source: Bank Data</i>										

Below are notable examples of the bank's CD loans in the AA since the previous evaluation:

- BSB made a \$5.0 million working capital loan to a nonprofit organization based in Oakland, CA. This organization works with state, local government agencies, and community-based organizations that helps manage care systems. These systems are targeted to LMI individuals to help connect them to healthcare and social benefits such as Medicaid, Supplemental Nutrition Assistance Program and Earned Income Tax Credits;
- BSB made a \$2.9 million loan for working capital to a nonprofit organization based in Oakland, CA to help retain 182 employees in a low-income CT. This loan helped the organization retain jobs particularly during the COVID-19 pandemic; and
- BSB made a \$1.3 million loan to a nonprofit located in Sonoma. This organization's mission aligns with community service initiatives providing job training and affordable housing services to LMI individuals.

Qualified Investments

BSB's dollar volume of qualified donations reflects a 1.8 percent increase by number and a 27.9 percent decline by dollar volume since the previous evaluation where BSB had 109 investments and donations totaling \$241,250. The bank did not make any new investments during this evaluation period. The bank allocated a majority of the donations toward community services. The following table illustrates qualified donations provided by year and purpose.

Qualified Donations										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	4	5	38	57	11	22	3	8	56	92
2020	4	8	34	50	14	19	1	3	53	80
2021	0	0	2	2	0	0	0	0	2	2
Total	8	13	74	109	25	41	4	11	111	174
<i>Source: Bank Data</i>										

Listed below are notable examples of the institution's CD investments in the AA:

- BSB donated \$2,500 to a workforce development program focused on providing job training and placement for low-income and homeless youth in the Bay Area. The program has helped youths attain employment through the Bay Area. Of the youths who participate in the program, 98.0 percent have passed high school equivalence examinations;
- BSB donated \$1,000 to a resource center that focuses on providing community services to low-income individuals of the Bay Area AA. The center provided community services to approximately 2,500 low-income individuals annually; and
- BSB donated \$2,500 to an organization that offers affordable housing solutions for LMI individuals throughout the Bay Area. This organization serves 6,000 individuals annually.

Community Development Services

BSB's current level of performance is approximately 19.0 percent lower than the 931 hours provided during the previous evaluation. Examiners also considered the COVID-19 pandemic that affected the bank's ability to provide CD services during 2020. The following table illustrates CD services provided by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	18	220.7	224.5	0	463.2
2020	10	146.6	32	0	188.6
YTD 2021	0	47	55	0	102.0
Total	28	414.2	311.5	0	753.7
<i>Source: Bank Data</i>					

Listed below are notable examples of the institution's CD services in the AA:

- One employee provided 35.0 hours as a Board member providing technical assistance to a newly formed finance committee of a non-profit organization serving LMI individuals;
- One employee provided 15.0 hours of technical support as a Board-Treasurer to a non-profit organization serving LMI individuals; and
- One employee provided 88.0 hours as a Board member of an organization providing workforce development to primarily LMI individuals.

FRESNO-MADERA-HANFORD ASSESSMENT AREA

Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE FRESNO-MADERA-HANFORD ASSESSMENT AREA

The Fresno-Madera-Hanford AA is contiguous consisting of Fresno, Madera, and Kings Counties. The three counties fully comprise the BSB, Fresno-Madera-Hanford, CA CSA #260. The CSA is comprised of three MSAs: 1) Fresno, CA MSA #23420 (Fresno County); Madera, CA MSA #31460 (Madera County); and Hanford-Corcoran, CA MSA #25260 (Kings County). The Fresno-Madera-Hanford AA is representative of the bank's physical presence, marketing efforts, and geographic area served. The AA meets regulatory requirements and does not arbitrarily exclude LMI income geographies. Based on the 2015 ACS Census data, the Fresno-Madera-Hanford AA consists of following income designations:

- 19 low-income census tracts
- 82 moderate-income census tracts
- 58 middle-income census tracts
- 86 upper-income census tracts
- 4 tract without an income designation

Economic and Demographic Data

The following table illustrates select AA area demographic characteristics.

Demographic Information of the Assessment Area						
Assessment Area: Fresno-Madera-Hanford AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	249	7.6	32.9	23.3	34.5	1.6
Population by Geography	1,260,934	6.8	32.9	24.0	34.5	1.8
Housing Units by Geography	416,287	6.2	31.0	24.2	38.5	0.1
Owner-Occupied Units by Geography	204,112	2.6	22.7	23.8	50.9	0.0
Occupied Rental Units by Geography	176,906	10.2	41.1	24.7	23.8	0.3
Vacant Units by Geography	35,269	7.2	28.4	24.1	40.0	0.2
Businesses by Geography	66,520	5.4	27.3	22.1	44.1	1.1
Farms by Geography	4,299	3.2	23.6	30.5	42.7	0.1
Family Distribution by Income Level	281,170	24.7	16.2	16.8	42.3	0.0
Household Distribution by Income Level	381,018	24.8	16.2	16.3	42.7	0.0
Median Family Income MSA - 23420 Fresno, CA MSA		\$49,999	Median Housing Value			\$184,643
Median Family Income MSA - 25260 Hanford-Corcoran, CA MSA		\$49,735	Median Gross Rent			\$919
Median Family Income MSA - 31460 Madera, CA MSA		\$49,272	Families Below Poverty Level			21.2%
Source: 2015 ACS and 2020 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 following table illustrates FFIEC estimated 2019 and 2020 median family incomes in the AA.

Table B – Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Fresno, CA MSA Median Family Income (23420)				
2019 (\$57,300)	<\$28,650	\$28,650 to <\$45,840	\$45,840 to <\$68,760	≥\$68,760
2020 (\$61,700)	<\$30,850	\$30,850 to <\$49,360	\$49,360 to <\$74,040	≥\$74,040
Hanford-Corcoran, CA MSA Median Family Income (25260)				
2019 (\$58,100)	<\$29,050	\$29,050 to <\$46,480	\$46,480 to <\$69,720	≥\$69,720
2020 (\$62,200)	<\$31,100	\$31,100 to <\$49,760	\$49,760 to <\$74,640	≥\$74,640
Madera, CA MSA Median Family Income (31460)				
2019 (\$59,100)	<\$29,550	\$29,550 to <\$47,280	\$47,280 to <\$70,920	≥\$70,920
2020 (\$59,400)	<\$29,700	\$29,700 to <\$47,520	\$47,520 to <\$71,280	≥\$71,280
<i>Source: FFIEC</i>				

Data obtained from the U.S. BLS illustrates that unemployment rates increased through the evaluation period. In 2020, the unemployment rate increased throughout the AA largely due to the COVID-19 pandemic. The following table illustrates the 2019 and 2020 unemployment rates for the CSA.

Unemployment Rates		
Fresno-Madera-Hanford CSA	2019	2020
	%	%
Fresno-Madera-Hanford CSA	7.4	9.9
<i>Source: BLS</i>		

The following sections provide information specific to each county located in the CSA.

Fresno MSA

According to Moody's Analytics of April 2021, the Fresno MSA is struggling to recover jobs as growth equates to six percent; however, this compares favorably to CA's average job growth of 8.0 percent. Because of the COVID-19 pandemic, the leisure and hospitality took the largest toll with payrolls down since March of 2020. Fresno State University switched to remote learning, which affected local hospitality businesses in the area. The surrounding areas to the university were also affected, as it is one of the largest employers in the area. There has been growth in population in the area due to low costs when compared to the state. This growth has helped support the economy and kept the housing market stable. The strength of the area include stable population growth and above average house price growth. Weaknesses include, below average household income and few high technology jobs. The cost of living and doing business is high at 105.0 percent and 80.0 percent, respectively. The region's top employers include, Community Medical Center, Ruiz Food Products Inc., Saint Agnes Medical Center, Fresno State University, and Coalinga State Hospital.

Madera MSA

According to Moody's Analytics of May 2020, the Madera MSA faced many of the same challenges from the nationwide economic downturn caused by the COVID-19 pandemic. During the pandemic, business-forced closures, stay-at-home order, and social distancing led to layoffs in the retail and leisure/hospitality industries. The healthcare industries remained relatively intact. Madera's economy relies heavily on agriculture, which was also impacted by the demand for exports, which created pressure to lower commodity prices. Because of the pandemic, farmers encountered challenges of lower demand for crops, lower profit margins, and worker shortages. Despite the pandemic, the housing market remained stable, and the demand for homes was high. Statewide stay-at-home orders limited real estate showings; however lower mortgage rates fueled buyers in the area. The strengths of the area are competitive business costs compared to many areas in CA. The cost of living and doing business is high at 106.0 percent and 124.0 percent, respectively. The region's top employers include, Children's Hospital, Chukchansi Gold Resort and Casino, Valley State Prison for Women, Madera Community Hospital, and Mission Bell Winery.

Hanford-Corcoran MSA

According to Moody's Analytics of March 2020, the Hanford-Corcoran MSA employment growth lagged behind nationwide. State and local government provided most of the support over the past year. Significant weaknesses were noted in the retail and healthcare industries. The high

unemployment rate can also be attributed to the growth in the area's labor force. Additionally, farmers in the area suffered during the pandemic as demand for goods was down. Strengths of the area include expansion of the Lemoore Naval Air Station, which will support growth and the labor forces. Strengths also include below average living costs, and a strong population growth. Some of the weaknesses include, a less stable agriculture industry, low educational attainment, and above average unemployment volatility. The cost of living and doing business is fair at 99.0 percent and 123.0 percent, respectively. The region's top employers include, Lemoore Naval Air Station, California State Prison-Corcoran, Adventist Health, Tachi Hotel and Casino, and JG Boswell Company.

Competition

The AA is a low level competitive market for financial services. According to the June 30, 2020 FDIC Deposit Market Share Report, 23 financial institutions operate 151 offices in the AA, which includes BSB's 1 branch. BSB is ranked 23rd, with a deposit market share of 0.04 percent. The area is competitive for small business loans among banks in the AA. In 2019, aggregate lending data shows that 112 lenders originated 22,861 small business loans in the Fresno-Madera-Hanford CSA, indicating a fair level of competition for this product. Aggregate lending data for 2020 is not yet available at the time of this evaluation. The 5 most prominent small business lenders in the Fresno-Madera-Hanford AA are large national banks, which accounted for 59.3 percent of the total small business loan market share. Since BSB is not required to report small business lending data, ranking information is not available for this product.

Community Contacts

Examiners reviewed one existing community contact with an organization serving the Fresno-Madera-Hanford CSA. The community contact identified small business lending and mortgage lending as primary credit needs. The contact stated a need for micro-loans to start-up businesses, as well as working capital lines of credit and affordable housing options. The economic conditions are improving because of infrastructure development as well as residential construction. Housing prices remain high as new homes are priced toward the upper-end of the market; and therefore, new construction may not help first time homebuyers. The contact also stated that there is considerable need for financial education services as well as monetary support for down payment assistance programs. Local and regional banks and credit unions have been responsive to the credit needs of the area, while large national banks are not as active. The contact believes there are many opportunities for additional involvement by local financial institutions.

Credit and Community Development Needs and Opportunities

Considering area demographics, economic data, and conversations with bank management and a community contact, examiners determined that micro-loans to small business and affordable housing options are the most significant credit needs in the AA. Opportunities exist for meeting these needs.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE FRESNO-MADERA-HANFORD ASSESSMENT AREA

LENDING TEST

BSB's lending demonstrates excellent performance under the Lending Test in the Fresno-Madera-Hanford AA. This conclusion is mainly supported by excellent performance under borrower profile criterion where a significant percent (89.7 percent) of small business loans were made to businesses with GARs of \$1 million or less in 2019 and a significant percent (89.1 percent) of small business loans in 2020 were very small dollar loans helping small businesses.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the bank's Fresno-Madera-Hanford AA. The performance is supported by reasonable dispersion for small business lending and excellent dispersion for consumer loans.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. The following table illustrates the geographic distribution of small business loans in the Fresno-Madera-Hanford AA by year.

Geographic Distribution of Small Business Loans					
Assessment Area: Fresno-Madera-Hanford					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	5.4	6	15.4	390	13.7
2020	5.4	0	0.0	0	0.0
Moderate					
2019	27.4	6	15.4	462	16.3
2020	27.3	13	27.1	826	32.8
Middle					
2019	22.0	16	41.0	1,241	43.7
2020	22.1	9	18.8	433	17.2
Upper					
2019	44.0	11	28.2	744	26.2
2020	44.1	26	54.2	1,258	50.0
Not Available					
2019	1.1	0	0.0	0	0.0
2020	1.1	0	0.0	0	0.0
Totals					
2019	100.0	39	100.0	2,837	100.0
2020	100.0	48	100.0	2,517	100.0
Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

In 2019, the bank's performance lending to low-income CTs exceeds the percentage of businesses. The aggregate data of 4.2 percent indicates a very low demand for small business lending. Dispersion to moderate-income CTs is below the percentage of business and aggregate data at 23.4 percent.

In 2020, the bank did not originate any loans to low-income CTs; however, the bank's lending to moderate-income CTs is comparable with the percent of businesses. Although the bank did not penetrate loans in low-income CTs in 2020, percentage of businesses also show low number, which is an indication of limited opportunities. Originating two loans would have increased performance significantly. Overall, the performance is considered reasonable.

Consumer Loans

The geographic distribution of consumer loans reflects excellent dispersion throughout the AA. The following table illustrates the geographic distribution of consumer loans in the Fresno-Madera-Hanford AA by year.

Geographic Distribution of Consumer Loans					
Assessment Area: Fresno-Madera-Hanford AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2019	6.5	55	10.9	970	11.4
2020	6.5	40	8.2	792	8.0
Moderate					
2019	31.8	214	42.5	3,530	41.6
2020	31.8	204	41.9	4,028	40.9
Middle					
2019	23.6	135	26.8	2,239	26.4
2020	23.6	142	29.2	2,964	30.1
Upper					
2019	38.0	99	19.6	1,726	20.3
2020	38.0	100	20.5	2,057	20.9
Not Available					
2019	0.1	1	0.2	18	0.2
2020	0.1	1	0.2	12	0.1
Totals					
2019	100.0	504	100.0	8,483	100.0
2020	100.0	487	100.0	9,853	100.0
Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%					

In 2019 and 2020, the bank's lending in LMI CTs exceeds the percentage of households reflecting excellent performance.

Borrower Profile

BSB's distribution of borrowers reflects excellent penetration among businesses of different revenue sizes, and borrowers of different incomes. This conclusion is supported by excellent performance in small business lending, and reasonable penetration of consumer lending.

Small Business Loans

The distribution of small business loans reflects, given the demographics of the AA, excellent penetration among businesses of different revenue sizes. The following table illustrates the borrower distribution of small business loans in the Fresno-Madera-Hanford AA by year.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Fresno-Madera-Hanford					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	85.1	35	89.7	2,553	90.0
2020	85.7	1	2.1	12	0.5
>1,000,000					
2019	4.9	4	10.3	284	10.0
2020	4.5	1	2.1	100	4.0
Revenue Not Available					
2019	10.0	0	0.0	0	0.0
2020	9.8	46	95.8	2,405	95.6
Totals					
2019	100.0	39	100.0	2,837	100.0
2020	100.0	48	100.0	2,517	100.0
Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

The bank's 2019 lending to small businesses exceeds the percentage of businesses. Aggregate data of 42.6 percent indicates a moderate level of loan demand and the bank's percentage is excellent in meeting loan demand to business with GARs of \$1 million or less.

Due to the significant volume of loans without revenue information in 2020, examiners could not conduct a meaningful analysis of lending to businesses of different revenue sizes for 2020. As such, examiners evaluated PPP loans using loan size as a proxy for those with revenues not available. As shown in the following table below, a majority of PPP loans had loan sizes of less than \$100,000, indicating that the bank is helping to serve the credit needs of small businesses in the AA.

Distribution of PPP Loans by Loan Size (Fresno AA)				
Loan Size	#	%	\$(000s)	%
< \$100,000	41	89.1	1,197	49.8
\$100,000 - \$249,999	3	6.5	388	16.1
\$250,000 - \$1,000,000	2	4.4	820	34.1
Total	46	100.0	2,405	100.0
Source: 1/01/2020 – 12/31/2020 Bank Data; Due to rounding totals may not equal 100.0				

Consumer Loans

The distribution of consumer loans reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels. The following table illustrates the borrower distribution of consumer loans in the Fresno-Madera-Hanford AA by year.

Distribution of Consumer Loans by Borrower Income Level					
Assessment Area: Fresno-Madera-Hanford AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2019	25.0	75	14.9	1,026	12.1
2020	25.0	60	12.3	803	8.2
Moderate					
2019	16.2	203	40.3	3,333	39.3
2020	16.2	170	34.9	3,170	32.2
Middle					
2019	16.1	139	27.6	2,444	28.8
2020	16.1	150	30.8	3,378	34.3
Upper					
2019	42.7	87	17.3	1,680	19.8
2020	42.7	107	22.0	2,502	25.4
Not Available					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
Totals					
2019	100.0	504	100.0	8,483	100.0
2020	100.0	487	100.0	9,853	100.0
Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%					

In 2019, the bank's penetration to low-income borrowers is below the percentages of household; and penetration to moderate-income borrowers significantly exceeds percentages of households.

In 2020, the bank's penetration to low-income borrowers is below the percentages of households. In 2020, penetration to moderate-income borrowers significantly exceeds percentages of households. Overall the bank's lending to LMI borrowers is considered reasonable.

COMMUNITY DEVELOPMENT TEST

BSB's performance demonstrates adequate performance under the CD Test in the Fresno-Madera-Hanford AA. Examiners considered the institution's capacity as well as the availability and need for such opportunities.

Community Development Loans

BSB's CD lending shows an increase of approximately 58.3 percent by number and a significant decrease by dollar volume at 84.1 percent since the previous evaluation. During the previous evaluation, BSB originated 12 CD loans totaling \$18.9 million. The following table illustrates CD loans by purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	0	0	2	250	0	0	0	0	2	250
2020	1	525	7	373	1	1,000	3	52	12	1,950
2021	1	535	1	150	0	0	3	146	5	831
Total	2	1,060	10	773	1	1,000	6	198	19	3,031
<i>Source: Bank Data</i>										

Listed below are notable examples of the institution's CD loans in the AA:

- BSB made a \$535,000 loan to finance a multifamily property. Nine of the 10 units on the property are designated for affordable rents to LMI individuals;
- BSB made a \$150,000 to a nonprofit organization that provides direct service to Child & Adult Care Food Program (CACFP). CACFP is focused on providing nutritious meals for LMI students and the elderly. This loan benefits community services initiatives in the AA.

Qualified Investments and Donations

BSB's current review period total donations reflects an increase of 200.2 percent by dollar volume compared to the last examination where the bank made 5 donations totaling \$9,500. The bank did not make any investments during the review period. The bank allocated a majority of the donations toward community services and economic development. The CD needs in the AA are affordable housing and economic development. The following table illustrates qualified investments and donations provided by year and purpose.

Qualified Donations										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	0	0	8	7	2	3	0	0	10	10
2020	0	0	6	11	2	4	0	0	8	15
2021	0	0	2	2	1	3	0	0	3	5
Total	0	0	16	20	5	10	0	0	21	30
<i>Source: Bank Data</i>										

Listed below are notable examples of the institution's CD investments in the AA:

- BSB donated \$1,000 to a nonprofit organization that provides foster care to youth that are below poverty level; and
- BSB donated \$1,000 to a nonprofit organization that provides LMI with services such as immigration and naturalization education, employment and training, learning how to read electric bills and advocacy, getting access to solar, and government assistance enrollment; and

- BSB donated \$1,000 to support a local nonprofit organization that provides technical assistance for LMI small business owners. The organization provides vocation training and business development services throughout the AA.

Community Development Services

BSB's level of performance in CD services hours reflects a 60.4 percent improvement compared to the previous evaluation where the bank allocated 49.0 hours of CD services hours. Nearly all CD service hours were allocated to community services. As noted by the community contact, affordable housing and economic development are the greatest CD needs in the AA. The following table illustrates CD services provided by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	0	19.3	4.5	0	23.8
2020	0	31.8	0	0	31.8
YTD 2021	0	23	0	0	23
Total	0	74.1	4.5	0	78.6
<i>Source: Bank Data</i>					

Listed below are notable examples of the institution's CD services in the AA:

- One employee provided 74.1 hours of financial education to LMI students. This supports community service.
- One employee provided 4.5 hours as a committee member of a non-profit organization that provides technical assistance to small businesses, looks for grant opportunities, and evaluates the needs in the community.

LOS ANGELES ASSESSMENT AREA Limited-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE LOS ANGELES ASSESSMENT AREA

The Los Angeles AA is comprised of the entirety of Los Angeles County, which is located in the Los Angeles-Long-Beach-Glendale, CA MD #31084. The Los Angeles AA is representative of the bank's physical presence, marketing efforts, and geographic area served. The AA meets regulatory requirements and does not arbitrarily exclude LMI geographies. Based on the 2015 ACS Census data, the Los Angeles AA consists of following income designations:

- 221 low-income census tracts
- 674 moderate-income census tracts
- 583 middle-income census tracts
- 817 upper-income census tracts
- 51 tract without an income designation

Economic and Demographic Data

The following tables illustrates select AA demographic characteristics.

Demographic Information of the Assessment Area						
Assessment Area: Los Angeles AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,346	9.4	28.7	24.9	34.8	2.2
Population by Geography	10,038,388	8.6	29.3	26.3	35.1	0.8
Housing Units by Geography	3,476,718	7.8	26.3	24.8	40.6	0.5
Owner-Occupied Units by Geography	1,499,879	2.4	17.2	26.6	53.7	0.1
Occupied Rental Units by Geography	1,763,190	12.2	34.2	23.6	29.2	0.9
Vacant Units by Geography	213,649	8.7	25.4	22.8	42.2	1.0
Businesses by Geography	941,441	4.6	18.9	21.2	52.8	2.4
Farms by Geography	8,629	2.7	17.6	24.9	53.6	1.1
Family Distribution by Income Level	2,186,485	24.5	16.3	16.7	42.4	0.0
Household Distribution by Income Level	3,263,069	25.9	15.4	15.8	43.0	0.0
Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA		\$62,703	Median Housing Value			\$495,540
			Median Gross Rent			\$1,292
			Families Below Poverty Level			14.3%
Source: 2015 ACS and 2020 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 following table illustrates FFIEC estimated 2019 and 2020 median family incomes in the AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Los Angeles-Long Beach-Glendale, CA Median Family Income (31084)				
2019 (\$73,100)	<\$36,550	\$36,550 to <\$58,480	\$58,480 to <\$87,720	≥\$87,720
2020 (\$77,300)	<\$38,650	\$38,650 to <\$61,840	\$61,840 to <\$92,760	≥\$92,760
Source: FFIEC				

The following table depicts unemployment statistics for the entire county of Los Angeles. The unemployment rate drastically increased during 2020 throughout the Los Angeles AA due to the COVID-19 pandemic. The following table illustrates the 2019 and 2020 unemployment rates for the AA.

Unemployment Rates		
Los Angeles AA	2019	2020
	%	%
Los Angeles AA	4.7	12.6
Source: BLS		

Los Angeles County

According to Moody's Analytics of April 2021, the Los Angeles County's jobless rate is more than double the pre-pandemic rate. Less than one third of the jobs have recovered. Housing prices have increased far more than the previous year. Los Angeles County was the first to move into the least restrictive tier for mandated business closures. This move helped the economy get back on track. Demographic reports indicate that more residents are moving out of the county than moving in. Strengths of the area include a strong healthcare base and a growing technology presence, which is leading to high paying jobs. Weaknesses include high costs and net migration gains. The cost of living and doing business is very high at 130.0 percent and 117.0 percent, respectively. The region's top employers include, Cedars-Sinai Medical Center, Los Angeles International Airport, University of California Los Angeles, VXi Global Solutions, and Walt Disney Company.

Competition

The AA is a very competitive market for financial services. According to the June 30, 2020 FDIC Deposit Market Share Report, 98 financial institutions operate 1,698 offices in the AA, which includes BSB's one branch. BSB is ranked 87th, with a deposit market share of 0.01 percent. The area is competitive for small business loans among banks in the AA. In 2019, aggregate lending data shows that 221 lenders originated 371,230 small business loans in the Los Angeles AA, indicating high-level competition for this product. Aggregate lending data for 2020 is not yet available at the time of this evaluation. The 5 most prominent small business lenders in the Los Angeles AA are large national banks that accounted for 77.2 percent of the total small business loan market share. Since BSB is not required to report small business lending data, ranking information is not available for this product.

CONCLUSIONS ON PERFORMANCE CRITERIA IN LOS ANGELES

LENDING TEST

The institution's lending performance in the Los Angeles AA is consistent with the lending performance for the state of CA. Tables for geographic distribution and borrower profile for the Los Angeles AA are presented in the Appendices.

COMMUNITY DEVELOPMENT TEST

The institution's CD performance in the Los Angeles AA is consistent with the CD performance for the state of CA. Tables with detailed CD information for the Los Angeles AA are presented in the statewide AA CD Test section.

VISALIA ASSESSMENT AREA Limited-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE VISALIA ASSESSMENT AREA

The Visalia-Porterville AA is comprised of the entirety of Tulare County, which wholly-represents the Visalia, CA MSA #47300. The Visalia AA is representative of the bank's physical presence, marketing efforts, and geographic area served. The AA meets regulatory requirements and does not arbitrarily exclude LMI geographies. Based on 2015 ACS Census data, the Visalia AA consists of the following income designations:

- 2 low-income census tracts
- 26 moderate-income census tracts
- 26 middle-income census tracts
- 23 upper-income census tracts
- 1 tract without an income designation

Economic and Demographic Data

The following tables illustrates the select AA demographic characteristics.

Demographic Information of the Assessment Area						
Assessment Area: Visalia						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	78	2.6	33.3	33.3	29.5	1.3
Population by Geography	454,033	2.4	33.6	31.9	31.9	0.1
Housing Units by Geography	144,792	2.0	30.3	31.5	36.2	0.0
Owner-Occupied Units by Geography	75,685	1.3	23.6	31.8	43.3	0.0
Occupied Rental Units by Geography	57,885	3.0	40.0	31.5	25.5	0.0
Vacant Units by Geography	11,222	1.5	25.8	29.4	43.4	0.0
Businesses by Geography	18,773	1.1	28.6	28.9	41.5	0.0
Farms by Geography	1,835	0.9	37.7	26.6	34.8	0.0
Family Distribution by Income Level	104,130	23.3	17.6	16.8	42.3	0.0
Household Distribution by Income Level	133,570	24.0	16.5	17.1	42.4	0.0
Median Family Income MSA - 47300 Visalia, CA MSA		\$44,814	Median Housing Value			\$163,692
			Median Gross Rent			\$853
			Families Below Poverty Level			23.2%
Source: 2015 ACS and 2020 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 following table illustrates FFIEC estimated 2019 and 2020 median family incomes in the AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Visalia, CA MSA Median Family Income (47300)				
2019 (\$50,900)	<\$25,450	\$25,450 to <\$40,720	\$40,720 to <\$61,080	≥\$61,080
2020 (\$52,900)	<\$26,450	\$26,450 to <\$42,320	\$42,320 to <\$63,480	≥\$63,480
Source: FFIEC				

The table below depicts unemployment statistics for entire Visalia AA. In 2020, the unemployment rate increased due to the COVID-19 pandemic. The following table illustrates the 2019 and 2020 unemployment rates for the AA.

Unemployment Rates		
Visalia AA	2019	2020
	%	%
Visalia	10.1	11.5
Source: BLS		

Visalia

According to Moody's Analytics of April 2021, the Visalia AA experienced a downturn that was less severe compared to the entire state. The area recovered less than two-fifths of the jobs lost at the state of the pandemic, which is well below the state and the national averages. Large manufacturing industries added very few jobs in the last six months. The healthcare industry maintained jobs throughout the pandemic. Retail and construction suffered significant job losses at the start of the pandemic; however, the job losses have been recovered since. The current labor force continues to remain slightly depressed. During 2020, the government enforced restrictions that caused businesses to operate at limited capacity. Since the restrictions have been relaxed, improvement is evident as data shows that retail locations, grocery stores, and workplaces have more traffic. Income in the area is well below the US average; and therefore, households in the area received support from the American Rescue Plan. Strengths in the area include good transportation infrastructure and proximity to major economic centers, such as Fresno and Bakersfield. Additionally, the area has a high birthrate, and younger than average population. Some of the areas weaknesses low per capita income, low education attainment, and high poverty rate. The cost of living and doing business is fair at 99.0 percent and 105.0 percent, respectively. The region's top employers include, Kaweah Delta Healthcare, Sierra View District Hospital, Walmart, College of the Sequoias, and Jostens Printing and Publishing.

Competition

The AA has a low market level of competition for financial services. According to the June 30, 2020 FDIC Deposit Market Share Report, 15 financial institutions operate 67 offices in the AA, which includes BSB's one branch. BSB is ranked 14th, with a deposit market share of 0.4 percent. In 2019, aggregate lending data shows that 81 lenders originated 7,022 small business loans in the Visalia AA, indicating a low level of competition for this product. Aggregate lending data for 2020 is not yet available at the time of this evaluation. The 5 most prominent small business lenders in the AA are large national banks and accounted for 55.5 percent of the total small business loan market share. Since BSB is not required to report small business lending data, ranking information is not available for this product.

CONCLUSIONS ON PERFORMANCE CRITERIA IN VISALIA AA

LENDING TEST

The institution's lending performance in the Visalia AA is below the lending performance for the state; however, it does not change the overall state rating. For instance, the bank's geographic distribution for small business loans reflected poor dispersion to LMI geographies. In 2019, the bank did not originate any loans to LMI geographies. Additionally, in 2020 the bank did not originate any small business loans to low-income CTs. Dispersion to moderate-income CTs of 16.7 percent was well below the percent of businesses at 28.6 percent. Tables for geographic distribution and borrower profile for the Visalia AA are presented in the Appendices.

COMMUNITY DEVELOPMENT TEST

The institution's CD performance in the Visalia-Porterville AA is below the CD performance for the state; however, it does not change the overall state rating. For instance, during this evaluation period

BSB made only 4 CD loans totaling \$1.3 million. This performance reflects a downward trend compared to the previous evaluation of 4 CD loans totaling \$2.6 million. Additionally, the total dollar volume of investments decreased. At the current evaluation, BSB made 7 donations totaling \$12,000 compared to the previous evaluation of 6 donations totaling \$15,000. Lastly, the number of CD services hours reflected a decline where BSB provided 336.8 CD services hours at the current evaluation compared to a total of 508.0 CD services hours at the previous evaluation. Tables with detailed CD information for the Visalia AA are presented in the statewide CD Test section.

BAKERSFIELD ASSESSMENT AREA

Limited-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE BAKERSFIELD ASSESSMENT AREA

The Bakersfield AA consists of Kern County, which composes the Bakersfield, CA MSA #12540. The Bakersfield AA is representative of the bank's physical presence, marketing efforts, and geographic area served. The AA meets regulatory requirements and does not arbitrarily exclude LMI geographies. Based on the 2015 ACS Census data, the Bakersfield AA consists of following income designations:

- 14 low-income census tracts
- 40 moderate-income census tracts
- 44 middle-income census tracts
- 48 upper-income census tracts
- 5 tract without an income designation

Economic and Demographic Data

The following tables illustrates the select AA demographic characteristics.

Demographic Information of the Assessment Area						
Assessment Area: Bakersfield AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	151	9.3	26.5	29.1	31.8	3.3
Population by Geography	865,736	9.7	23.3	31.8	33.0	2.3
Housing Units by Geography	289,529	9.9	21.6	32.9	35.5	0.1
Owner-Occupied Units by Geography	147,125	5.6	15.8	32.3	46.2	0.1
Occupied Rental Units by Geography	112,575	14.8	29.3	31.9	23.9	0.1
Vacant Units by Geography	29,829	13.1	21.4	39.3	26.1	0.1
Businesses by Geography	46,451	5.6	19.9	27.1	46.6	0.8
Farms by Geography	1,784	4.8	20.6	32.3	40.1	2.2
Family Distribution by Income Level	196,097	24.8	16.4	16.1	42.7	0.0
Household Distribution by Income Level	259,700	25.5	16.2	15.8	42.6	0.0
Median Family Income MSA - 12540 Bakersfield, CA MSA		\$52,649	Median Housing Value			\$160,795
			Median Gross Rent			\$927
			Families Below Poverty Level			19.4%
Source: 2015 ACS and 2020 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 following table illustrates FFIEC estimated 2019 and 2020 median family incomes in the AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Bakersfield, CA MSA Median Family Income (12540)				
2019 (\$57,900)	<\$28,950	\$28,950 to <\$46,320	\$46,320 to <\$69,480	≥\$69,480
2020 (\$56,600)	<\$28,300	\$28,300 to <\$45,280	\$45,280 to <\$67,920	≥\$67,920
Source: FFIEC				

The following table depicts unemployment statistics for entire Bakersfield MSA. In 2020, the unemployment rate substantially increased due to the COVID-19 pandemic. The following table illustrates the 2019 and 2020 unemployment rates for the MSA.

Unemployment Rates		
Bakersfield MSA	2019	2020
	%	%
Bakersfield	7.6	10.8
Source: BLS		

Bakersfield

According to Moody's Analytics of April 2021, the Bakersfield AA is still recovering from the COVID-19 pandemic at a slower pace than the state. Despite experiencing a less severe impact, service providers posted steady gains; however, goods producers are struggling to regain stable positions. The mining employment dropped to the lowest levels in a decade as CA's oil production fell to a record low as well. The slow recovery of employment has left Bakersfield one of the highest in the state. Strengths of the area include favorable locations for warehouse distribution centers, farmland, younger population, and improving migration trends. Weaknesses of the area are low rate of business formation, high poverty rates, credit quality is weaker than average, and low educational attainment. The cost of living and doing business is fair at 104.0 percent and 126.0 percent, respectively. The region's top employers include, Edwards Air Force Base, China Lake Naval Weapons Center, Grimmway Farms, Dignity Health, and Adventist Health.

Competition

The AA has a low market level of competition for financial services. According to the June 30, 2020 FDIC Deposit Market Share Report, 20 financial institutions operate 87 offices in the AA, which includes BSB's one branch. BSB is ranked 20th, with a deposit market share of 0.04 percent. In 2019, aggregate lending data shows that 99 lenders originated 15,796 small business loans in the Bakersfield AA, indicating a low level of competition for this product. Aggregate lending data for 2020 is not yet available at the time of this evaluation. The 5 most prominent small business lenders in the AA are large national banks and accounted for 61.4 percent of the total small business loan market share. Since BSB is not required to report small business lending data, ranking information is not available for this product.

CONCLUSIONS ON PERFORMANCE CRITERIA IN BAKERSFIELD

LENDING TEST

The institution's lending performance in the Bakersfield AA is consistent with the lending performance for the state. Tables for geographic distribution and borrower profile for the Bakersfield AA are presented in the Appendices.

COMMUNITY DEVELOPMENT TEST

The institution's CD performance in the Bakersfield AA is below the state of CA's performance. Although the institution's CD activities improved slightly compared to the last evaluation, the level of CD activities in totality are low and not consistent with the statewide CD level activities. However, this performance does not change the overall state rating. Tables with detailed CD information for the Bakersfield AA are presented in the statewide CD Test section.

SACRAMENTO ASSESSMENT AREA

Limited-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE SACRAMENTO ASSESSMENT AREA

The Sacramento AA consists of Sacramento County, which is one of the four counties that make up the Sacramento-Roseville-Folsom, CA MSA #40900. The Sacramento AA is representative of the bank's physical presence, marketing efforts, and geographic area served. The AA meets regulatory requirements and does not arbitrarily exclude LMI geographies. Based on the 2015 ACS Census data, the Sacramento AA consists of following income designations:

- 42 low-income census tracts
- 94 moderate-income census tracts
- 103 middle-income census tracts
- 77 upper-income census tracts
- 1 tract without an income designation

Economic and Demographic Data

The following tables illustrates the Sacramento AAs demographic characteristics.

Demographic Information of the Assessment Area						
Assessment Area: Sacramento AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	317	13.2	29.7	32.5	24.3	0.3
Population by Geography	1,465,832	12.8	28.9	34.3	23.9	0.1
Housing Units by Geography	560,271	12.5	28.4	34.5	24.2	0.4
Owner-Occupied Units by Geography	289,606	6.9	24.4	36.0	32.7	0.1
Occupied Rental Units by Geography	232,990	18.6	33.2	32.9	14.6	0.6
Vacant Units by Geography	37,675	17.8	30.3	32.7	18.0	1.2
Businesses by Geography	105,466	12.5	25.5	30.4	28.7	2.9
Farms by Geography	2,177	9.0	26.4	31.3	32.3	0.9
Family Distribution by Income Level	343,209	26.7	17.3	18.6	37.4	0.0
Household Distribution by Income Level	522,596	27.0	16.3	17.6	39.1	0.0
Median Family Income MSA - 40900 Sacramento-Roseville-Folsom, CA MSA		\$71,829	Median Housing Value			\$249,887
			Median Gross Rent			\$1,062
			Families Below Poverty Level			13.7%
Source: 2015 ACS and 2019 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 following table illustrates FFIEC estimated 2019 and 2020 median family incomes in the AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Sacramento-Roseville-Folsom, CA MSA Median Family Income (40900)				
2019 (\$84,000)	<\$42,000	\$42,000 to <\$67,200	\$67,200 to <\$100,800	≥\$100,800
2020 (\$86,700)	<\$43,350	\$43,350 to <\$69,360	\$69,360 to <\$104,040	≥\$104,040
Source: FFIEC				

The following table depicts unemployment statistics for the entire county of Sacramento. In 2020, the unemployment rate significantly increased because of the COVID-19 pandemic. The following table illustrates the 2019 and 2020 unemployment rates.

Unemployment Rates		
County	2019	2020
	%	%
Sacramento	3.5	8.3
Source: BLS		

Sacramento

According to Moody's Analytics of March 2020, the Sacramento job growth has halted due to the COVID-19 pandemic. The rapid increase of COVID-19 cases has caused tighter restrictions on businesses. These restrictions affected industries such as construction, transportation, and retail services. The lack of construction workers has impacted the inventory of new housing; and therefore, increasing the demand on existing homes. Additionally, remote work has increased the demand for new residents because of lower costs of living. California Governor Newsom has declared a temporary ban on public and private gatherings, and closed or restricted operations of nonessential businesses, which mostly affect retail and leisure/hospitality industries. The pandemic also increased the demand for online shopping, automated cashiers and self-service kiosks, which contributed to the increased rate of unemployment. Strengths of the area include lower cost of living and business costs when compared to the Bay Area, strong migration trends, and rapid growth in labor force. The weaknesses are residents have income below the state average and above average employment volatility. The cost of living and doing business is fair at 112.0 percent and 120.0 percent, respectively. The region's top employers include, University of California, Davis, Sutter Health, Kaiser Permanente, Dignity Health, and Intel Corporation.

Competition

The AA is highly competitive for financial services. According to the June 30, 2019 FDIC Deposit Market Share Report, 32 financial institutions operate 212 offices in the AA, which includes BSB's one branch. BSB is ranked 30th, with a deposit market share of 0.04 percent. The area is competitive for small business loans among banks in the AA. In 2019, aggregate lending data shows that 122 lenders originated 36,085 small business loans in the Sacramento AA, indicating high-level competition for this product. Aggregate lending data for 2020 is not yet available at the time of this evaluation. The 5 most prominent small business lenders in the AA are large national banks and accounted for 68.7 percent of the total small business loan market share. Since BSB is not required to report small business lending data, ranking information is not available for this product.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SACRAMENTO

LENDING TEST

The institution's lending performance in the Sacramento AA is consistent with the lending performance for the state. Tables for geographic distribution and borrower profile for the Sacramento AA are presented in the Appendices.

COMMUNITY DEVELOPMENT TEST

The institution's CD performance in the Sacramento AA is below the CD performance for the state; however, it does not change the state rating. During the evaluation period, BSB made 8 CD loans totaling \$12.9 million, which reflects a downward trend compared to the previous evaluation of 8 CD loans totaling \$21.5 million. Furthermore, the investments and donations reflected similar amounts at 13 by count and \$12,000 by dollar when compared to the previous evaluation of 13 donations totaling \$11,050. Lastly, there were no CD services performed during this evaluation period, which represents a decrease compared to the previous evaluation at 9.0 CD services. Tables with detailed CD information for the Sacramento AA are presented in the statewide CD Test section.

STATE OF OREGON

Full-Scope Review

CRA RATING FOR OREGON: OUTSTANDING

The Lending Test is rated Outstanding

The Community Development Test is rated Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN OREGON

The Portland AA is comprised of a portion of the Portland-Vancouver-Hillsboro, OR MSA #38900, including the entireties of Clackamas, Multnomah, and Washington Counties. This represents three of the five contiguous counties in the MSA. While a majority of the bank's branches, deposits and lending activities are located in the state of California, the state of OR contains three of the bank's branches and four of the bank's ATMs, of which one is a stand-alone.

BSB operates three full-service branches in OR State in the Portland AA. Refer to the Description of Institution for a full discussion regarding the institution's operations and product offerings. The following sections provide details regarding economic and demographic conditions for the AA, and information obtained from a community contact.

Economic and Demographic Data

The table on the following page illustrates select demographic characteristics of the Portland AA.

Demographic Information of the Assessment Area						
Assessment Area: Oregon						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	355	2.5	22.8	40.8	33.0	0.8
Population by Geography	1,714,066	2.2	24.9	41.0	31.7	0.2
Housing Units by Geography	706,343	2.1	23.7	41.3	32.6	0.3
Owner-Occupied Units by Geography	393,840	0.9	18.9	42.6	37.6	0.0
Occupied Rental Units by Geography	272,777	3.8	30.6	39.3	25.6	0.7
Vacant Units by Geography	39,726	2.3	25.1	42.3	29.9	0.4
Businesses by Geography	210,419	2.9	20.1	37.0	37.3	2.7
Farms by Geography	5,366	1.6	14.9	49.7	33.1	0.7
Family Distribution by Income Level	411,935	21.2	16.7	20.0	42.1	0.0
Household Distribution by Income Level	666,617	24.4	15.9	17.7	42.1	0.0
Median Family Income MSA - 38900 Portland-Vancouver- Hillsboro, OR-WA MSA		\$73,089	Median Housing Value			\$302,370
			Median Gross Rent			\$1,028
			Families Below Poverty Level			9.5%
Source: 2015 ACS and 2020 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 following table illustrates unemployment statistics for each of the counties in the Portland AA, for the state of OR, and the national average.

Unemployment Rates		
Area	2019	2020
	%	%
Clackamas County	3.4	7.3
Multnomah County	3.2	8.6
Washington County	3.1	6.5
Oregon State	3.7	7.6
National Average	3.7	8.1
<i>Source: BLS</i>		

The preceding table depicts an increasing trend in the unemployment rate from 2019 to 2020 in the Portland AA, statewide, and nationwide levels. In 2019, unemployment in the AA, OR, and the national average were relatively similar. Unemployment rates increased unanimously in 2020, though to different degrees. Most notably, unemployment in Multnomah County increased to levels higher than the state and national average.

The following table illustrates FFIEC estimated 2019 and 2020 median family incomes in the AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Portland-Vancouver-Hillsboro, OR-WA MSA Median Family Income (38900)				
2019 (\$87,900)	<\$43,950	\$43,950 to <\$70,320	\$70,320 to <\$105,480	≥\$105,480
2020 (\$92,100)	<\$46,050	\$46,050 to <\$73,680	\$73,680 to <\$110,520	≥\$110,520
Source: FFIEC				

Portland-Vancouver-Hillsboro, OR-WA, MSA

According to the May 2021 Moody's Analytics Precis Report, the MSA has made slower progress toward recovery when compared to other major tech hubs in the West. The area is anticipated to benefit from US investment in production, namely a \$52 billion senate bill to encourage domestic production. Portland is also dependent on other areas of manufacturing such as metal products and aerospace due to the proximity to Seattle and Boeing. While it is anticipated that orders should pick up as air travel resumes, Boeings production shift to South Carolina will have an impact of employment levels. Leisure and Hospitality has suffered due to the pandemic, but is expected to recover as workers return to their offices from telework. Major employers in the area include Intel Corp., Providence Health Systems, Oregon Health & Science University, Nike Inc., and Kaiser Foundation Health Plan of the NW.

Competition

According to the June 30, 2020 FDIC Deposit Market Share Report, BSB faces competition from 30 other financial institutions in the Portland AA for deposit market share. Including BSB, the 47 institutions account for 372 banking offices and over \$57.1 billion in total deposits within the AA. BSB's market ranking is 15th overall with 0.5 percent of the AA's deposits. Numerous national and regional banks rank ahead of BSB with a combined total of 337 branch offices in the AA and together account for a deposit market share of 96.2 percent. These competitor branch figures do not include credit unions that add additional competition in the local marketplace.

Community Contact(s)

Examiners used an existing community contact to gauge the economic conditions and needs of the AA. The contact included perspectives from a variety of CD organizations and local governments on the current trends of the area. The contact stated that there is a need for business development, financial education, and affordable housing. They also mentioned a need for smaller dollar loans so that borrowers do not need to turn to pay day lenders. There are barriers to home ownership, including asset building, general wealth, financial literacy and stability. The contact stated that there are opportunities to reach LMI and minority populations through access to credit and affordable wealth building services; affordable homeownership programs; and investments in education, health, and food security.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that the primary needs in the Portland AA consists of smaller

dollar credit opportunities, financial literacy, wealth generation, and a variety of community service needs.

SCOPE OF EVALUATION – OREGON

Examiners conducted a full-scope evaluation of the institution's performance in the Portland AA. Refer to the Bank-wide AA Description of Assessment Areas section for a complete list of counties in the AA, and Bank-wide AA Scope of Evaluation section for a description of products reviewed.

CONCLUSIONS ON PERFORMANCE CRITERIA IN OREGON

LENDING TEST

BSB demonstrated an excellent performance under the Lending Test in the Portland AA. This is mainly supported by excellent performance under the borrower profile analysis (for both small business and consumer lending) as well as excellent performance for consumer lending under the geographic distribution.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA. A reasonable distribution of small business loans, and excellent dispersion of consumer lending throughout the AA primarily supports this conclusion.

Small Business Loans

The geographic distribution of loans reflects reasonable dispersion throughout the AA.

Geographic Distribution of Small Business Loans					
Assessment Area: Oregon					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	2.9	2	2.2	175	1.0
2020	2.9	6	1.1	1,390	2.7
Moderate					
2019	19.9	21	22.6	5,460	30.0
2020	20.1	93	17.2	9,182	17.6
Middle					
2019	36.9	50	53.8	9,394	51.6
2020	37.0	249	46.0	22,835	43.9
Upper					
2019	37.4	15	16.1	2,718	14.9
2020	37.3	168	31.1	15,464	29.7
Not Available					
2019	2.8	5	5.4	445	2.4
2020	2.7	25	4.6	3,198	6.1
Totals					
2019	100.0	93	100.0	18,192	100.0
2020	100.0	541	100.0	52,069	100.0
Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

The bank's lending to LMI CTs was largely on par with the percent of businesses in 2019. In 2020, there was a slight decrease in overall lending to LMI tracts.

Consumer Loans

The geographic distribution of loans reflects excellent dispersion throughout the AA.

Geographic Distribution of Consumer Loans					
Assessment Area: Oregon					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2019	2.1	2	5.1	45	5.2
2020	2.1	2	2.2	39	2.1
Moderate					
2019	23.6	16	41.0	346	39.7
2020	23.6	40	43.5	831	44.7
Middle					
2019	41.2	15	38.5	357	41.0
2020	41.2	32	34.8	651	35.0
Upper					
2019	32.7	6	15.4	123	14.1
2020	32.7	18	19.6	337	18.1
Not Available					
2019	0.3	0	0.0	0	0.0
2020	0.3	0	0.0	0	0.0
Totals					
2019	100.0	39	100.0	871	100.0
2020	100.0	92	100.0	1,858	100.0
Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%					

The bank consistently performed higher than the percent of households in both LMI geographies during this evaluation period.

Borrower Profile

The distribution of borrowers reflects excellent penetration. This is supported by excellent penetrations under small business and consumer lending.

Small Business

The distribution of small business loans reflects, given the demographics of the AA, excellent penetration among businesses of different revenue sizes. The following table illustrates the borrower distribution of small business loans in the Portland AA year.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Oregon					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	89.3	52	55.9	7,544	41.5
2020	89.8	32	5.9	4,301	8.3
>1,000,000					
2019	3.9	37	39.8	10,606	58.3
2020	3.6	45	8.3	12,787	24.6
Revenue Not Available					
2019	6.8	4	4.3	42	0.2
2020	6.6	464	85.8	34,981	67.2
Totals					
2019	100.0	93	100.0	18,192	100.0
2020	100.0	541	100.0	52,069	100.0
Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Examiners reviewed aggregate data to determine loan demand and competition in the area. Aggregate data for CRA reporters made 51.9 percent of loans in 2019 to small businesses with GARs of \$1 million or less. Considering loan demand BSB's performance for 2019 is excellent.

Due to the significant volume of loans without revenue information in 2020, examiners could not conduct a meaningful analysis of lending to businesses of different revenue sizes for 2020. As such, examiners evaluated PPP loans using loan size as a proxy for those with revenues not available. As shown in the table below, a majority of PPP loans had loan sizes of less than \$100,000, indicating that the bank is helping to serve the credit needs of small businesses in the AA. Considering these factors the bank's overall performance is excellent.

Distribution of PPP Loans by Loan Size in Oregon				
Loan Size	#	%	\$(000s)	%
< \$100,000	359	77.3	10,008	28.6
\$100,000 - \$249,999	75	16.1	12,156	34.8
\$250,000 - \$1,000,000	30	6.5	12,817	36.6
Total	464	100.0	34,981	100.0
Source: 1/01/2020 – 12/31/2020 Bank Data; Due to rounding totals may not equal 100.0				

Consumer Loans

The distribution of borrowers reflects excellent penetration among individuals of different income levels. The bank consistently performed higher than the percent of households when lending to LMI borrowers during this evaluation period.

Distribution of Consumer Loans by Borrower Income Level					
Assessment Area: Oregon					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2019	24.4	10	25.6	211	24.2
2020	24.4	30	32.6	553	29.8
Moderate					
2019	15.9	19	48.7	428	49.1
2020	15.9	38	41.3	771	41.5
Middle					
2019	17.7	7	17.9	156	17.9
2020	17.7	19	20.7	404	21.7
Upper					
2019	42.1	3	7.7	76	8.7
2020	42.1	5	5.4	130	7.0
Not Available					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
Totals					
2019	100.0	39	100.0	871	100.0
2020	100.0	92	100.0	1,858	100.0
Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%					

COMMUNITY DEVELOPMENT TEST

The institution's CD performance demonstrates adequate responsiveness to CD needs in the Portland AA through CD loans, qualified investments, and CD services, considering the institution's capacity and the need and availability of such opportunities for CD in the institution's AA.

Community Development Loans

BSB's CD lending performance in the Portland AA reflects an increase of approximately 74.2 percent by dollar volume since the previous evaluation. It also reflects an increase by number where the institution made 25 CD loans totaling approximately \$31.3 million at the previous examination. The following table illustrates CD loans by purpose. A majority of the lending activity penetrated economic development and community services. As indicated by the community contact, economic development and affordable housing are the greatest needs in the AA.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	11	10,724	2	450	8	7,986	0	0	21	19,160
2020	12	15,889	19	1,731	11	7,029	7	707	49	25,356
YTD 2021	3	4,000	3	202	9	4,842	3	969	18	10,014
Total	26	30,613	24	2,383	28	19,857	10	1,676	88	54,539
<i>Source: Bank Data</i>										

Below are notable examples of the bank's CD loans in the Portland AA since the previous evaluation:

- BSB made a \$5.4 million loan to finance a multifamily property. The property is restricted to designate 97 units for affordable housing;
- BSB made 2 loans to a CDFI totaling \$5.0 million. This CDFI is targeted to serve low-income individuals in providing affordable housing in OR; and
- BSB made a \$1.4 million SBA PPP loan to help retain 245 LMI jobs with an average wage of \$27,000.

Qualified Investments

BSB's qualified investments and donations activities by number and dollar volume for this review period are comparable with the previous evaluation of 87 investments and donations totaling \$20.1 million. It worth to note that the previous evaluation did not include the \$20.0 million investment benefiting affordable housing initiatives. This investment consummated during the on-site examination at the previous evaluation; therefore, it is counted as a prior period investment for this evaluation. BSB made only 2 small dollar qualified investments totaling \$33,034 for this review period. The two investments benefited community service initiatives. The bank allocated a majority of the donations toward affordable housing and economic development, which is considered a CD need.

Qualified Investment										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	20,000	0	0	0	0	0	0	1	20,000
2019	0	0	1	14	0	0	0	0	1	14
0	0	0	1	19	0	0	0	0	1	19
YTD 2021	0	0	0	0	0	0	0	0	0	0
Total	1	20,000	2	33	0	0	0	0	3	20,033
<i>Source: Bank Data</i>										

Qualified Donations										
Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	5	12	24	30	6	6	1	1	36	49
2020	5	7	25	49	12	24	2	4	44	84
YTD 2021	1	2	8	9	1	2	0	0	10	13
Total	11	21	57	88	19	32	3	5	92	146
<i>Source: Bank Data</i>										

Below are notable examples of the bank's CD investments in the AA since the previous evaluation:

- BSB maintained a \$20.0 million investment to a municipal corporation focused on providing housing services to low-income and/or people with disabilities. The funds will be used to acquire, improve, and develop restricted housing for low-income and special needs individuals throughout the state of OR;
- BSB donated \$2,500 to a CDC that provides affordable housing and resident services, homeownership, financial education, and counseling, foreclosure prevention, early childhood education, after school programming, and small business advising. Nearly all individuals served are LMI; and
- BSB donated \$2,500 to a nonprofit organization that serves a low-income neighborhood in East Portland. The organization provides workforce development as well as youth and immigrant parenting programs. Nearly 75.0 percent of the clients served are LMI.

Community Development Services

BSB's CD services hours for this review period are lower than the 1,544 hours provided during the previous evaluation. The institutions CD service hours in the Oregon AA account for 39.1 percent of the institution's total CD service hours. The service hours primarily benefitted economic development and community service initiatives in the AA.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	10	269.5	334.5	0	614
2020	2	111	417.	0	530
YTD 2021	0	28	124	0	152
Total	12	408.5	875.5	0	1,296
<i>Source: Bank Data</i>					

Below are notable examples of the bank's CD services in the AA since the previous evaluation:

- One employee provided 26.0 hours supporting community service as a Board member for a non-profit organization providing financial education to LMI students;
- One employee provided 31.0 hours supporting community service as a Board member for a

- non-profit organization that provides writing workshops serving LMI individuals; and
- One employee provided 36.0 hours supporting economic development as a Board member for a non-profit organization providing financial technical assistance to LMI individuals and small businesses.

STATE OF WASHINGTON

Full-Scope Review

CRA RATING FOR WASHINGTON: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WASHINGTON

BSB operates one full-service branch in WA State in the Seattle AA. The Seattle AA consists of two contiguous counties, King and Snohomish, which comprise a portion of the Seattle-Bellevue-Kent, WA MD#42644. Refer to the Operations section under the Description of Institution for a full discussion regarding the institution's operations and product offerings. The following sections provide details regarding economic and demographic conditions for the AA, and information obtained from a community contact.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the Seattle AA.

Demographic Information of the Assessment Area						
Assessment Area: Washington						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	549	5.6	22.8	41.5	29.1	0.9
Population by Geography	2,792,409	6.0	22.9	41.3	29.5	0.3
Housing Units by Geography	1,165,983	5.8	22.4	41.2	30.4	0.2
Owner-Occupied Units by Geography	651,888	3.0	18.1	44.8	34.1	0.0
Occupied Rental Units by Geography	442,529	9.7	28.4	36.2	25.3	0.4
Vacant Units by Geography	71,566	6.7	24.7	40.5	27.9	0.2
Businesses by Geography	330,960	5.6	18.5	37.1	38.5	0.4
Farms by Geography	5,791	3.9	17.6	46.6	31.8	0.1
Family Distribution by Income Level	675,378	21.5	17.5	20.6	40.4	0.0
Household Distribution by Income Level	1,094,417	24.1	16.1	17.8	42.0	0.0
Median Family Income MSA - 42644 Seattle-Bellevue-Kent, WA		\$92,317	Median Housing Value			\$380,393
			Median Gross Rent			\$1,228
			Families Below Poverty Level			6.9%
Source: 2015 ACS and 2020 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 following table illustrates unemployment statistics for each of the counties in the Seattle AA, state of WA, and the national average.

Unemployment Rates		
Area	2019	2020
	%	%
King County	2.6	7.5
Snohomish County	2.8	8.4
Washington State	4.2	8.4
National Average	3.7	8.1
Source: BLS		

The preceding table depicts an increasing trend from 2019 to 2020 in the unemployment rate at the county, statewide, and nationwide levels. King County's unemployment rate has had consistently lower unemployment than the state of WA and the national average. Snohomish County's unemployment rate was lower than the state and national averages in 2019, increasing to levels similar to the state, and higher than the national average in 2020.

The following table illustrates FFIEC estimated 2019 and 2020 median family incomes in the AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Seattle-Bellevue-Kent, WA Median Family Income (42644)				
2019 (\$108,600)	<\$54,300	\$54,300 to <\$86,880	\$86,880 to <\$130,320	≥\$130,320
2020 (\$113,300)	<\$56,650	\$56,650 to <\$90,640	\$90,640 to <\$135,960	≥\$135,960
<i>Source: FFIEC</i>				

Seattle-Bellevue-Kent, WA, MSA

According to the May 2021 Moody's Analytics Precis Report, the MSA has made uneven progress in its recovery. The technology sector has allowed for faster employment and income growth. The aerospace industry has had a difficult recovery, especially considering the extended decrease in domestic and global travel during the pandemic. Additionally, a greater supply of homes in the area has caused the housing market to become undervalued. It is anticipated that the areas recovery will gain momentum over the next year due to the fast growing tech giants that will cause a greater demand for business services. Top employers in the area include Amazon, Boeing Co., Microsoft Corp., University of Washington, and Providence Health & Services.

Competition

According to the June 30, 2020 FDIC Deposit Market Share Report, BSB faces competition from 47 other financial institutions in the Seattle AA for deposit market share. These institutions account for 685 banking offices and over \$120.1 billion in total deposits within the AA. BSB's market ranking is 34th overall with 0.07 percent of the AA's deposits. Numerous national bank and regional banks rank ahead of BSB with a combined total of 669 branch offices in the AA and together account for a deposit market share of 99.5 percent. These competitor branch figures do not include credit unions that add additional competition in the local marketplace.

Community Contact(s)

Examiners utilized an existing community contact interview with a local government official about current conditions in the Seattle AA. The contact explained that aerospace is a major sector for the area. The aerospace industry has faced several troubles during the review period, including negative press in 2018 and 2019 due to issues with the Boeing 737 MAX Airplane, and the COVID-19 pandemic in 2020. The hardships of these incidents have spread through ancillary businesses and aerospace manufacturers. In addition, other sectors such as retail, hospitality, and surgical sectors have experienced reduction in business due to the pandemic. The contact described that there is a lack of traditional short-term loans, so there is opportunity for financial institutions to provide small business loans in the area. Moreover, the contact mentioned that financial institutions have opportunity to provide financial literacy courses for small business owners.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that the primary need in the Seattle AA consists of small business credit opportunities, and financial literacy for small businesses.

SCOPE OF EVALUATION - WASHINGTON

Examiners conducted a full-scope evaluation of the institution's performance in the Seattle AA. Refer to the Bank-wide AA Description of Assessment Areas section for a complete list of counties in the AA, and Bank-wide AA Scope of Evaluation section for a description of products reviewed.

CONCLUSIONS ON PERFORMANCE CRITERIA IN WASHINGTON

LENDING TEST

BSB demonstrated reasonable performance under the Lending Test in the Seattle AA. This is supported by reasonable performances under the geographic distribution and borrower profile analysis.

Geographic Distribution

The overall geographic distribution of loans reflects reasonable dispersion throughout the AA. A reasonable distribution of small business loans and excellent dispersion of consumer loans throughout the AA primarily supports this conclusion.

Small Business Loans

The geographic distribution of loans reflects reasonable dispersion throughout the AA.

Geographic Distribution of Small Business Loans					
Assessment Area: Washington					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	6.0	0	0.0	0	0.0
2020	5.6	3	3.7	193	2.3
Moderate					
2019	19.2	3	37.5	413	53.7
2020	18.5	12	14.8	695	8.2
Middle					
2019	37.5	5	62.5	356	46.3
2020	37.1	37	45.7	4,414	51.9
Upper					
2019	36.9	0	0.0	0	0.0
2020	38.5	29	35.8	3,201	37.6
Not Available					
2019	0.5	0	0.0	0	0.0
2020	0.4	0	0.0	0	0.0
Totals					
2019	100.0	8	100.0	769	100.0
2020	100.0	81	100.0	8,503	100.0
Source: 2020 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

While the bank did not originate loans in low-income CTs in 2019, the percent of businesses and aggregate levels of performance throughout the evaluation period demonstrate limited opportunity to lend in low-income tracts. Performance in 2020 increased to levels slightly below the percentage of businesses. Performance in moderate-income tracts fluctuated throughout the evaluation period. In 2019, the bank significantly exceeded the percent of businesses located in moderate-income geographies, while in 2020, performance dropped to a level slightly below D&B percentage. Overall, performance is reasonable.

Consumer Loans

The geographic distribution of loans reflects excellent dispersion throughout the AA.

Geographic Distribution of Consumer Loans					
Assessment Area: Washington					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2019	5.7	7	10.0	98	8.3
2020	5.7	16	8.3	274	7.0
Moderate					
2019	22.3	26	37.1	364	30.7
2020	22.3	89	46.4	1,925	49.2
Middle					
2019	41.3	27	38.6	522	44.1
2020	41.3	71	37.0	1,416	36.2
Upper					
2019	30.5	10	14.3	201	17.0
2020	30.5	16	8.3	301	7.7
Not Available					
2019	0.2	0	0.0	0	0.0
2020	0.2	0	0.0	0	0.0
Totals					
2019	100.0	70	100.0	1,185	100.0
2020	100.0	192	100.0	3,916	100.0
Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%					

The bank consistently performed higher than the percent of households in both LMI geographies during this evaluation period.

Borrower Profile

The distribution of borrowers reflects reasonable penetration for small business lending and excellent dispersion for consumer loans given the demographics of the AA. Overall, reasonable penetration of businesses of different revenue sizes primarily supports this conclusion.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different revenue sizes and individuals of different income levels.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Washington					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	87.1	3	37.5	119	15.5
2020	90.2	8	9.9	1,144	13.5
>1,000,000					
2019	4.8	5	62.5	650	84.5
2020	3.5	3	3.7	1,025	12.1
Revenue Not Available					
2019	8.1	0	0.0	0	0.0
2020	6.3	70	86.4	6,334	74.5
Totals					
2019	100.0	8	100.0	769	100.0
2020	100.0	81	100.0	8,503	100.0
Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

The bank's performance is below the percentage of businesses across the evaluation period. Examiners reviewed aggregate data to determine loan demand and competition in the area. Aggregate data shows CRA reporters made 48.8 percent of loans in 2019 to small businesses.

Due to the significant volume of loans without revenue information in 2020, examiners could not conduct a meaningful analysis of lending to businesses of different revenue sizes for 2020. As such, examiners evaluated PPP loans using loan size as a proxy for those with revenues not available. As shown in the table below, a majority of PPP loans had loan sizes of less than \$100,000, indicating that the bank is helping to serve the credit needs of small businesses in the AA. Considering these factors the bank's overall performance is reasonable.

Distribution of PPP Loans by Loan Size Washington				
Loan Size	#	%	\$(000s)	%
< \$100,000	53	75.7	1,894	29.9
\$100,000 - \$249,999	10	14.3	1,495	23.6
\$250,000 - \$1,000,000	7	10.0	2,945	46.5
Total	70	100.0	6,334	100.0
Source: 1/01/2020 – 12/31/2020 Bank Data; Due to rounding totals may not equal 100.0				

Consumer Loans

The distribution of borrowers reflects excellent penetration among individuals of different income levels.

Distribution of Consumer Loans by Borrower Income Level					
Assessment Area: Washington					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2019	24.1	37	52.9	601	50.7
2020	24.1	88	45.8	1,631	41.7
Moderate					
2019	16.1	20	28.6	346	29.2
2020	16.1	72	37.5	1,574	40.2
Middle					
2019	17.8	11	15.7	213	18.0
2020	17.8	23	12.0	448	11.4
Upper					
2019	42.0	2	2.9	25	2.1
2020	42.0	9	4.7	263	6.7
Not Available					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
Totals					
2019	100.0	70	100.0	1,185	100.0
2020	100.0	192	100.0	3,916	100.0
Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%					

The bank consistently performed higher than the percent of households when lending to LMI borrowers during this evaluation period.

COMMUNITY DEVELOPMENT TEST

BSB's CD performance demonstrates adequate responsiveness to the CD needs in the Seattle AA through CD loans, qualified investments and donations, and CD services. Examiners considered the institution's capacity and the need and availability of such opportunities for CD within the AA.

Community Development Loans

The institution's CD lending performance in the Seattle AA accounts for 8.4 percent by number, and 13.7 percent by dollar volume of the bank's total CD lending. CD lending in the AA increased by number and dollar from the previous evaluation period where the bank originated 13 loans totaling \$21.9 million. CD lending focuses on revitalization or stabilization in response to the pandemic. In addition, efforts were also made in 2020 by providing loans to community service efforts.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	1	8,650	1	2,000	0	0	0	0	2	10,650
2020	0	0	9	6,919	1	1,869	11	3,458	21	12,246
YTD 2021	0	0	0	0	0	0	8	3,935	8	3,935
Total	1	8,650	10	8,919	1	1,869	19	7,393	31	26,831
<i>Source: Bank Data</i>										

Below are notable examples of the bank's CD loans in the AA since the previous evaluation:

- BSB made a \$4.7 million loan to construct a food bank facility that exclusively serves LMI individuals. This food bank is constructing a new operational facility to expand its services throughout the neighboring communities of Seattle. Although direct food service is the primary part of the organization's mission, this organization provides numerous resources that helps residents achieve self-sufficiency;
- BSB originated an \$8.7 million loan to finance construction of 3 affordable housing apartments. These apartments has been designated to provide a total of 58 units for affordable housing; and
- BSB made a \$1.0 million dollar working capital loan to a nonprofit organization located in Seattle. This organization is targeted to serve low-income children providing seven diverse early childhood education centers.

Qualified Investments

The bank did not make any current period-qualified investments in the Seattle AA; however, it maintained one prior period investment. Additionally, the institution provided 45 donations totaling approximately \$58,000. The qualified investments in the Seattle AA accounted for 16.6 percent by number and 8.1 percent by dollar of total qualified investments. The institution's qualified donations in the AA account for 13.5 percent by number, and 10.1 percent by dollar volume of the bank's total qualified donations. The prior period CD investment benefitted affordable housing in the AA. Moreover, CD donations primarily benefitted affordable housing. Performance at the current evaluation increased compared to the last evaluation, where the institution held the same qualified investment, and made 22 qualified donations totaling \$20,250.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	2,500	0	0	0	0	0	0	1	2,500
Total	1	2,500	0	0	0	0	0	0	1	2,500
<i>Source: Bank Data</i>										

Qualified Donations										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2019	6	8	5	4	2	1	0	0	13	13
2020	11	18	11	18	3	3	0	0	25	39
YTD 2021	1	1	5	4	1	1	0	0	7	6
Total	18	27	21	26	6	5	0	0	45	58
<i>Source: Bank Data</i>										

Listed below are notable examples of the institution's CD investments in the AA:

- BSB retained a \$2.5 million investment in an affordable housing pool that benefits LMI individuals. The organization utilizes the loan pool to provide permanent financing for affordable housing projects in the state of WA;
- BSB donated \$2,500 to a nonprofit organization that distributes healthy groceries to 1,300 families. The food benefits 600 plus middle, elementary, and high school LMI students in Packs for Kids Program. Groceries also benefit 250 LMI individuals/families at Magnuson Park Community and North Seattle College food pantries. This donation aligns with community services initiatives; and
- BSB donated \$1,000 to an organization that provides free legal aid to LMI individuals through clinics and help lines. The organization also offers extensive legal information free online and in person training, litigate individual and class actions, and advocate for new policies and laws. Nearly 95.0 percent of the clients are LMI individuals.

Community Development Services

The institution's CD service hours in the Seattle AA account for 8.2 percent of the institutions total CD service hours. Service hours primarily benefitted community service activities in the AA. Performance at the current evaluation decreased compared to the last evaluation where the institution provided a total of 333 CD services hours.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2019	55.5	110.5	36	0	202
2020	27	18	5	0	50
YTD 2021	17	0	1.5	0	18.5
Total	99.5	128.5	42.5	0	270.5
<i>Source: Bank Data</i>					

Below are notable examples of the bank's CD services in the AA since the previous evaluation:

- One employee provided 23.0 hours as a Board member for a non-profit organization providing affordable housing to LMI families;

- One employee provided 10.0 hours as a Board member for a new nonprofit organization partnering with other affordable housing developers to create affordable housing for LMI individuals; and
- One employee provided 83.5 hours as a Board member for a non-profit organization that provides grants, scholarships, and guidance to primarily help LMI women pursue business careers.

APPENDICES

INTERMEDIATE 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 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;
- 4) The geographic distribution of the bank's loans; 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).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Community Development Test	Rating
California	Outstanding	Satisfactory	Outstanding
Oregon	Outstanding	Satisfactory	Outstanding
Washington	Satisfactory	Satisfactory	Satisfactory

LIMITED-SCOPE TABLES

Los Angeles AA

Geographic Distribution of Small Business Loans					
Assessment Area: Los Angeles AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	4.6	7	7.7	387	5.4
2020	4.6	5	4.9	93	1.4
Moderate					
2019	18.6	37	40.7	2,120	29.5
2020	18.9	29	28.4	1,986	30.4
Middle					
2019	21.3	28	30.8	1,371	19.1
2020	21.2	17	16.7	662	10.1
Upper					
2019	53.1	19	20.9	3,318	46.1
2020	52.8	48	47.1	3,006	46.0
Not Available					
2019	2.3	0	0.0	0	0.0
2020	2.4	3	2.9	785	12.0
Totals					
2019	100.0	91	100.0	7,196	100.0
2020	100.0	102	100.0	6,532	100.0
Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Geographic Distribution of Consumer Loans					
Assessment Area: Los Angeles AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2019	7.7	31	12.3	589	12.9
2020	7.7	42	12.6	733	11.3
Moderate					
2019	26.4	97	38.5	1,775	38.9
2020	26.4	126	37.7	2,358	36.3
Middle					
2019	24.9	59	23.4	1,085	23.8
2020	24.9	87	26.0	1,781	27.4
Upper					
2019	40.5	65	25.8	1,116	24.4
2020	40.5	76	22.8	1,529	23.6
Not Available					
2019	0.5	0	0.0	0	0.0
2020	0.5	3	0.9	88	1.4
Totals					
2019	100.0	252	100.0	4,565	100.0
2020	100.0	334	100.0	6,489	100.0
Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%					

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: BSB Los Angeles AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	89.2	85	93.4	4,662	64.8
2020	89.7	2	2.0	475	7.3
>1,000,000					
2019	4.7	6	6.6	2,534	35.2
2020	4.4	5	4.9	1,665	25.5
Revenue Not Available					
2019	6.1	0	0.0	0	0.0
2020	6.0	95	93.1	4,392	67.2
Totals					
2019	100.0	91	100.0	7,196	100.0
2020	100.0	102	100.0	6,532	100.0
Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Distribution of PPP Loans by Loan Size (Los Angeles AA)				
Loan Size	#	%	\$(000s)	%
< \$100,000	86	90.5	2,516	57.3
\$100,000 - \$249,999	7	7.4	990	22.5
\$250,000 - \$1,000,000	2	2.1	886	20.1
Total	95	100.0	4,392	100.0
Source: 1/01/2020 – 12/31/2020 Bank Data; Due to rounding totals may not equal 100.0				

Distribution of Consumer Loans by Borrower Income Level					
Assessment Area: Los Angeles AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2019	25.9	80	31.7	1,249	27.4
2020	25.9	68	20.4	1,150	17.7
Moderate					
2019	15.4	71	28.2	1,331	29.2
2020	15.4	119	35.6	2,218	34.2
Middle					
2019	15.8	62	24.6	1,287	28.2
2020	15.8	84	25.2	1,675	25.8
Upper					
2019	43.0	39	15.5	698	15.3
2020	43.0	63	18.9	1,446	22.3
Not Available					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
Totals					
2019	100.0	252	100.0	4,565	100.0
2020	100.0	334	100.0	6,489	100.0
Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%					

Visalia AA

Geographic Distribution of Small Business Loans					
Assessment Area: Visalia					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	1.1	0	0.0	0	0.0
2020	1.1	0	0.0	0	0.0
Moderate					
2019	28.9	0	0.0	0	0.0
2020	28.6	1	16.7	39	32.0
Middle					
2019	28.7	1	100.0	52	100.0
2020	28.9	2	33.3	15	12.3
Upper					
2019	41.3	0	0.0	0	0.0
2020	41.5	3	50.0	68	55.7
Not Available					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
Totals					
2019	100.0	1	100.0	52	100.0
2020	100.0	6	100.0	122	100.0
Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Geographic Distribution of Consumer Loans					
Assessment Area: Visalia					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2019	2.0	3	0.8	39	0.6
2020	2.0	4	1.3	74	1.4
Moderate					
2019	30.7	142	36.8	2,414	37.0
2020	30.7	110	36.4	1,981	37.0
Middle					
2019	31.7	117	30.3	1,889	28.9
2020	31.7	105	34.8	1,801	33.7
Upper					
2019	35.6	124	32.1	2,188	33.5
2020	35.6	83	27.5	1,492	27.9
Not Available					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
Totals					
2019	100.0	386	100.0	6,530	100.0
2020	100.0	302	100.0	5,348	100.0
Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%					

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Visalia					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	82.7	1	100.0	52	100.0
2020	83.0	0	0.0	0	0.0
>1,000,000					
2019	5.4	0	0.0	0	0.0
2020	5.1	0	0.0	0	0.0
Revenue Not Available					
2019	11.9	0	0.0	0	0.0
2020	11.9	6	100.0	122	100.0
Totals					
2019	100.0	1	100.0	52	100.0
2020	100.0	6	100.0	122	100.0
Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Distribution of PPP Loans by Loan Size (Visalia AA)				
Loan Size	#	%	\$(000s)	%
< \$100,000	6	100.0	122	100.0
\$100,000 - \$249,999	0	0.0	0	0.0
\$250,000 - \$1,000,000	0	0.0	0	0.0
Total	6	100.0	122	100.0
Source: 1/01/2020 – 12/31/2020 Bank Data; Due to rounding totals may not equal 100.0				

Distribution of Consumer Loans by Borrower Income Level					
Assessment Area: Visalia					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2019	24.0	22	5.7	232	3.6
2020	24.0	24	7.9	304	5.7
Moderate					
2019	16.5	139	36.0	2,273	34.8
2020	16.5	95	31.5	1,604	30.0
Middle					
2019	17.1	120	31.1	2,022	31.0
2020	17.1	99	32.8	1,791	33.5
Upper					
2019	42.4	105	27.2	2,003	30.7
2020	42.4	84	27.8	1,649	30.8
Not Available					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
Totals					
2019	100.0	386	100.0	6,530	100.0
2020	100.0	302	100.0	5,348	100.0
Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%					

Bakersfield AA

Geographic Distribution of Small Business Loans					
Assessment Area: Bakersfield AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	5.7	0	0.0	0	0.0
2020	5.6	1	8.3	5	5.2
Moderate					
2019	19.9	5	27.8	239	24.5
2020	19.9	5	41.7	57	58.8
Middle					
2019	27.5	6	33.3	306	31.3
2020	27.1	4	33.3	23	23.7
Upper					
2019	46.1	7	38.9	432	44.2
2020	46.6	2	16.7	12	12.4
Not Available					
2019	0.7	0	0.0	0	0.0
2020	0.8	0	0.0	0	0.0
Totals					
2019	100.0	18	100.0	977	100.0
2020	100.0	12	100.0	97	100.0
Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Geographic Distribution of Consumer Loans					
Assessment Area: Bakersfield AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2019	9.6	21	12.4	304	12.7
2020	9.6	30	13.7	485	13.2
Moderate					
2019	21.7	50	29.4	668	27.9
2020	21.7	55	25.1	917	24.9
Middle					
2019	32.1	60	35.3	820	34.2
2020	32.1	78	35.6	1,299	35.3
Upper					
2019	36.5	38	22.4	594	24.8
2020	36.5	56	25.6	975	26.5
Not Available					
2019	0.1	1	0.6	9	0.4
2020	0.1	0	0.0	0	0.0
Totals					
2019	100.0	170	100.0	2,395	100.0
2020	100.0	219	100.0	3,676	100.0
Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%					

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Bakersfield AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	85.7	18	100.0	977	100.0
2020	86.2	0	0.0	0	0.0
>1,000,000					
2019	4.4	0	0.0	0	0.0
2020	4.1	0	0.0	0	0.0
Revenue Not Available					
2019	9.9	0	0.0	0	0.0
2020	9.7	12	100.0	97	100.0
Totals					
2019	100.0	18	100.0	977	100.0
2020	100.0	12	100.0	97	100.0
Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Distribution of PPP Loans by Loan Size (Bakersfield AA)				
Loan Size	#	%	\$(000s)	%
< \$100,000	12	100.0	97	100.0
\$100,000 - \$249,999	0	0.0	0	0.0
\$250,000 - \$1,000,000	0	0.0	0	0.0
Total	12	100.0	97	100.0
Source: 1/01/2020 – 12/31/2020 Bank Data; Due to rounding totals may not equal 100.0				

Distribution of Consumer Loans by Borrower Income Level					
Assessment Area: Bakersfield AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2019	25.5	30	17.6	273	11.4
2020	25.5	25	11.4	281	7.6
Moderate					
2019	16.2	62	36.5	856	35.7
2020	16.2	66	30.1	993	27.0
Middle					
2019	15.8	40	23.5	628	26.2
2020	15.8	70	32.0	1,250	34.0
Upper					
2019	42.6	38	22.4	638	26.6
2020	42.6	58	26.5	1,152	31.3
Not Available					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
Totals					
2019	100.0	170	100.0	2,395	100.0
2020	100.0	219	100.0	3,676	100.0
Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%					

Sacramento AA

Geographic Distribution of Small Business Loans					
Assessment Area: Sacramento AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	12.5	2	33.3	128	22.1
Moderate					
2019	25.5	1	16.7	109	18.8
Middle					
2019	30.4	0	0.0	0	0.0
Upper					
2019	28.7	3	50.0	343	59.1
Not Available					
2019	2.9	0	0.0	0	0.0
Totals					
2019	100.0	6	100.0	580	100.0
Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Geographic Distribution of Consumer Loans					
Assessment Area: Sacramento AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2019	12.1	22	20.8	347	20.1
Moderate					
2019	28.3	46	43.4	835	48.4
Middle					
2019	34.6	32	30.2	468	27.1
Upper					
2019	24.6	6	5.7	75	4.3
Not Available					
2019	0.3	0	0.0	0	0.0
Totals					
2019	100.0	106	100.0	1,725	100.0
Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%					

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Sacramento AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	87.0	6	100.0	580	100.0
>1,000,000					
2019	4.0	0	0.0	0	0.0
Revenue Not Available					
2019	9.0	0	0.0	0	0.0
Totals					
2019	100.0	6	100.0	580	100.0
Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%					

Distribution of Consumer Loans by Borrower Income Level					
Assessment Area: Sacramento AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2019	27.0	50	47.2	742	43.0
Moderate					
2019	16.3	36	34.0	664	38.5
Middle					
2019	17.6	12	11.3	231	13.4
Upper					
2019	39.1	8	7.5	88	5.1
Not Available					
2019	0.0	0	0.0	0	0.0
Totals					
2019	100.0	106	100.0	1,725	100.0
Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%					

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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

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

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

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

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

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; 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.

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.