PUBLIC DISCLOSURE

December 4, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First General Bank
Certificate Number: 58060

19036 Colima Road
Rowland Heights, California 91748

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

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

TABLE OF CONTENTS

INSTITUTION RATING

INSTITUTION'S 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 AA credit needs.
- The bank made a majority of its small business loans in the AA.
- The geographic distribution of small business loans reflects excellent dispersion throughout the AA.
- The distribution of borrowers reflects excellent penetration among businesses of different revenue sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development (CD) Test is rated Outstanding.

- The institution's CD performance demonstrates excellent responsiveness to CD needs in its 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.

DESCRIPTION OF INSTITUTION

First General Bank (FGB) is a state-chartered commercial bank headquartered in Rowland Heights, California, that commenced operations on October 13, 2005. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation dated December 21, 2020, based on Interagency Intermediate Small Institution Examination Procedures.

FGB operates five full-service branch offices located in Rowland Heights, Arcadia, Artesia, Irvine, and San Gabriel. The bank's main office, Artesia, and Arcadia offices are located in middle-income census tracts. The San Gabriel and Irvine offices are in moderate-income census tracts. The bank does not own proprietary ATMs; however, the ATM card program has a "no ATM fees anywhere" feature to enhance availability for its customers. FGB reimburses third-party ATM surcharge fees.

The bank maintains a community bank focus by providing financial services to small- and medium-sized businesses located within the AA. FGB specializes in commercial loans such as working capital loans and lines of credit, trade financing, and interim construction loans. FGB is a preferred SBA lender and offers loans through the California Small Business Loan Guarantee Program. The bank also offers home equity lines of credit. The institution provides a variety of deposit services including checking, savings, money market deposit accounts, and certificates of deposit. FGB's business focus has not changed since the prior evaluation.

FGB's assets totaled approximately $1.2 billion as of September 30, 2023, and included total loans of $926.9 million and total securities of $10.5 million. The bank reported deposits of $853.3 million. The distribution of the loan portfolio by loan type is illustrated in the following table.

Loan Portfolio Distribution as of 9/30/2023		
Loan Category	**$(000s)**	**%**
Construction, Land Development, and Other Land Loans	90,886	9.8
Secured by Farmland	158	0.1
Secured by 1-4 Family Residential Properties	54,565	5.9
Secured by Multifamily (5 or more) Residential Properties	142,056	15.3
Secured by Nonfarm Nonresidential Properties	612,079	66.0
Total Real Estate Loans	**899,744**	**97.1**
Commercial and Industrial Loans	27,156	2.9
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	0	0.0
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	**926,900**	**100.0**
Source: 9/30/2023 Reports of Condition and Income *Due to rounding, totals may not equal 100.0%*		

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

DESCRIPTION OF ASSESSMENT AREA

FGB designated a single AA consisting of two counties: Los Angeles and Orange. These two counties are contained in the Los Angeles-Long Beach-Santa Ana MSA #31100. The AA has not changed since the prior evaluation.

The designated AA complies with the technical requirements of the CRA regulation and does not arbitrarily exclude any LMI areas. The AA is densely populated and economically and demographically diverse. Management selected this AA based on the location of branches and the expectation of attracting and retaining businesses within the AA.

Economic and Demographic Data

Based on 2020 U.S. Census data, the AA consists of 3,112 census tracts, of which 177 are low-, 856 are moderate-, 927 are middle-, 1,071 are upper-income, and 81 tracts have no income designation. The following table illustrates select demographic, housing, and business information in the AA.

The Census Bureau released the 2020 U.S. Census data during the evaluation period. The update included changes in the total number of census tracts within the AA as well as income tract designations. From the 2015 ACS Census to 2020 U.S. Census data, the total number of census tracts in the AA increased from a total of 2,929 to 3,112, with 88 less low-income census tracts and 35 additional moderate-income census tracts.

Demographic Information of the Assessment Area Assessment Area: Los Angeles-Orange						
Demographic Characteristics	**#**	**Low % of #**	**Moderate % of #**	**Middle % of #**	**Upper % of #**	**NA* % of #**
Geographies (Census Tracts)	3,112	5.7	27.5	29.8	34.4	2.6
Population by Geography	13,200,998	5.2	28.3	30.9	34.4	1.1
Housing Units by Geography	4,661,034	4.8	25.4	29.8	38.7	1.3
Owner-Occupied Units by Geography	2,129,700	1.4	17.1	31.6	49.6	0.3
Occupied Rental Units by Geography	2,242,805	8.2	33.8	28.7	27.3	2.0
Vacant Units by Geography	288,529	4.4	21.4	25.3	46.4	2.4
Businesses by Geography	1,796,581	3.4	18.6	27.3	48.1	2.6
Farms by Geography	17,110	2.5	17.9	29.1	49.0	1.5
Family Distribution by Income Level	2,953,482	23.7	16.5	17.9	41.9	0.0
Household Distribution by Income Level	4,372,505	25.6	15.2	16.7	42.5	0.0
Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA		$80,317	Median Housing Value			$696,400
Median Family Income MSA - 11244 Anaheim-Santa Ana-Irvine, CA		$106,451	Median Gross Rent			$1,676
			Families Below Poverty Level			9.6%
Source: 2020 U.S. Census and 2022 D&B Data *Due to rounding, totals may not equal 100.0%* *(*) The NA category consists of geographies that have not been assigned an income classification.*						

Los Angeles County

According to Moody's Analytics as of August 2023, Los Angeles County's economy is slowing down, similar to California and the U.S. Job growth is slowing with new jobs from the private sector industries trending lower. The healthcare and leisure/hospitality industries are offsetting job losses in the logistics, technology, and entertainment industries. According to Equifax relocation data, net migration is still negative but is returning to the pre-pandemic level. Strengths of the area include a strong healthcare base and a growing technology sector that provides well-paying jobs; global links through entertainment, tourism, and fashion; and a deep San Pedro Harbor that enables the area to handle megaships that other ports cannot. Weaknesses of the area include high costs impacting net migration gains and the area's potential for disasters, including drought, wildfires, and earthquakes. The top major employers in the area include Cedars-Sinai Medical Center, Los Angeles International Airport, University of California Los Angeles, VXI Global Solutions, and The Walt Disney Company.

Orange County

According to Moody's Analytics as of August 2023, Orange County's economy is slowing down, similar to Los Angeles County. New jobs continue to grow in the healthcare and leisure/hospitality industries; however, it has paused in the manufacturing industry. The unemployment rate remains low despite increasing pressure from an increasing labor force. Increases in monthly home prices have resumed. Strengths of the area include a highly trained and well-educated labor force; lower business costs than the Bay Area; and the coastline and climate attracting residents and visitors. Weaknesses of the area include a decreasing population; exposure to changes in consumer sentiment from tourism; and sensitivity to business cycle fluctuations, specifically the capital-raising climate. The top major employers in the area include Disney Resorts, University of California Irvine, Saint Joseph Health, Kaiser Permanente, and Target Brands Incorporated.

Competition

FGB operates in a highly competitive market that includes a number of large national and regional financial institutions within the AA. According to the FDIC's June 30, 2023 Deposit Market Share Report, 108 financial institutions operated 2,030 branches inside the AA. Of these institutions, FGB ranked 45th with less than 1.0 percent of the deposit market share. The top five institutions in the AA control approximately 63.2 percent of the deposit market share and approximately 50.0 percent of the branches.

FGB is not required to report small business loan data and has elected not to do so. However, reported data is an indicator of the competition and demand for small business loans in the AA. According to the 2020 aggregate reported data, 381 lenders reported 527,733 small business loans in the Los Angeles-Orange AA, indicating a highly competitive market for small business loans. The top three lenders accounted for 29.3 percent of the total market share: American Express National Bank; Bank of America, N.A.; and JPMorgan Chase Bank, N.A. According to the 2021 aggregate reported data, 355 lenders reported 604,449 small businesses loans in the AA. The top three lenders accounted for 33.0 percent of the total market share: American Express National

Bank; JPMorgan Chase Bank, N.A.; and Bank of America, N.A. Aggregate data for 2022 small business lending was not available as of the evaluation date.

Community Contact

Examiners reviewed an existing community contact with a small business development corporation to help understand the financial and banking needs of the local communities. The contact noted that there is a need for small business financial education, including offering industry specific education. In regards to small business financing, there are opportunities for financial institutions to make small business loans in conjunction with state or federal guarantee lending programs. The contact also noted that some financial institutions are unaware of these programs. Lastly, the contact noted a need for providing pass-through grants to small businesses for technology and equipment.

Credit and Community Development Needs and Opportunities

Examiners determined that small business loans represent a primary credit need in the AA. Information gathered from community contact, bank management, and demographic and economic data support this conclusion. The AA contains a large percentage of small businesses and there is a considerable need for micro-loans and industry-specific financial education training. Opportunities for small business lending and other credit-related projects are present throughout the AA.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated December 21, 2020, to the current evaluation dated December 4, 2023. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate FGB's CRA performance. Examiners relied on records provided by the institution, publicly available financial and loan information, demographic data, community contact, and reported loan information.

Activities Reviewed

For the Lending Test, examiners determined that FGB's major product line is small business loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated and purchased during the evaluation period.

According to the September 30, 2023 Call Report, commercial real estate and commercial/industrial loans represent 68.9 percent of the bank's loan portfolio, multi-family loans represent 15.3 percent, and residential loans represent 5.9 percent. Although multi-family loans represent 15.3 percent of the loan portfolio, they will not be included in the review due to the nominal volume made or purchased during the review period by both number and dollar volume. No other loan types, such as home mortgage or small farm loans, represent a major product line. Therefore, they provide no material support for conclusions or ratings and were not analyzed or presented.

Bank records indicate that the lending focus and product mix remained consistent throughout the evaluation period. Examiners reviewed and analyzed the universe of small business loans originated in the period of January 1, 2020, through December 31, 2022. The bank originated 90 small business loans in 2020 totaling $38.3 million, 527 small business loans in 2021 totaling $57.6 million, and 49 small business loans in 2022 totaling $23.9 million. Of the 527 loans in 2021, 466 loans totaling $29.6 million were made through the SBA Paycheck Protection Program (PPP). At the prior evaluation, examiners included all PPP loans made in 2020 under the CD Test. During this evaluation, management has decided to have their 2021 PPP loans considered under the Lending Test. Because of this anomaly and different treatment of PPP loans between the evaluations, examiners presented all three years of small business lending for the geographic distribution and borrower profile criteria. In addition, FGB had a decrease in lending for 2022 where the root cause was the result of higher interest rates and a lack of borrower interest in the lending products.

Examiners analyzed both the number and dollar volume of loans originated. While number and dollar volume of loans are presented, examiners emphasized performance by number of loans as this is generally a better indicator of the number of businesses served. Additionally, the percentage by dollar volume is generally consistent with the percentage by number of loans. The 2020 and 2021 lending performance is compared to the 2015 ACS Census data and 2022 lending performance is compared to the 2020 U.S. Census data. Other sources of comparable data included 2020 through 2022 D&B data and other information gathered as part of the evaluation process, including community contacts. Examiners also compared current lending performance against the bank's prior CRA performance and noted any differences within the evaluation.

The CD Test includes all qualified CD activities made from December 21, 2020, to December 4, 2023, with the exception of CD loans ending on September 30, 2023. The evaluation of CD activities is limited to those loans, investments, and services for which management could demonstrate meet the primary purpose of CD. Examiners evaluated CD activities quantitatively based on the financial capacity of the bank and qualitatively based upon the impact to the AA. Examiners compared FGB's CD performance to two peer banks and against its prior CRA performance.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Loan-to-Deposit Ratio

FGB's average net LTD ratio is more than reasonable given the institution's size, financial condition, and AA credit needs. The LTD ratio averaged 108.0 percent over the past 12 calendar quarters from December 31, 2020, to September 30, 2023. The ratio ranged from a low of 100.3 percent as of June 30, 2022, to a high of 117.1 percent as of December 31, 2020. The LTD ratio fluctuated during the evaluation period but remained above 100.0 percent throughout the evaluation period. FGB's LTD ratio was higher than all three similarly-situated institutions identified. Examiners selected these institutions based on the institution's asset size, geographic location, and lending focus. The following table shows FGB's LTD ratio compared to the similarly-situated institutions.

Loan-to-Deposit Ratio Comparison		
Bank	**Total Assets as of 09/30/2023 ($000s)**	**Average Net LTD Ratio (%)**
First General Bank	**1,162,607**	**108.0**
Similarly-Situated Institution #1	711,741	87.9
Similarly-Situated Institution #2	670,432	103.3
Similarly-Situated Institution #3	887,197	87.8
Source: Reports of Condition and Income 12/31/2020 – 09/30/2023		

Assessment Area Concentration

FGB originated a majority of small business loans within its AA. Overall, the institution originated 83.4 percent by number and 82.5 percent by dollar volume of small business loans inside the AA during the evaluation period. The bank's performance indicates a strong responsiveness to the AA credit needs. The following table details the AA concentration of loans by year, number, and dollar volume.

Lending Inside and Outside of the Assessment Area										
Loan Category	**Number of Loans**				**Total**	**Dollar Amount of Loans $(000s)**				**Total**
	Inside		**Outside**			**Inside**		**Outside**		
	#	**%**	**#**	**%**	**#**	**$**	**%**	**$**	**%**	**$(000s)**
Small Business										
2020	71	78.9	19	21.1	90	30,462	79.5	7,876	20.5	38,338
2021	451	85.6	76	14.4	527	46,391	80.5	11,227	19.5	57,618
2022	42	85.7	7	14.3	49	20,965	87.6	2,977	12.4	23,942
Total	**564**	**83.4**	**102**	**16.6**	**666**	**97,818**	**82.5**	**22,080**	**17.5**	**119,898**
Source: Bank Data *Due to rounding, totals may not equal 100.0%*										

Geographic Distribution

FGB's geographic distribution of small business loans reflects excellent dispersion throughout the AA. The following table shows the geographic distribution of small business loans originated inside the AA during the evaluation period.

Geographic Distribution of Small Business Loans Assessment Area: Los Angeles-Orange					
Tract Income Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
Low					
2020	4.8	10	14.1	3,046	10.0
2021	4.9	26	5.8	4,198	9.0
2022	3.4	7	16.7	1,616	7.7
Moderate					
2020	19.1	18	25.4	8,607	28.3
2021	19.3	112	24.8	16,839	36.3
2022	18.6	11	26.2	6,237	29.8
Middle					
2020	24.8	22	31.0	9,670	31.7
2021	24.7	173	38.4	14,553	31.4
2022	27.3	16	38.1	8,404	40.1
Upper					
2020	49.3	20	28.2	8,739	28.7
2021	49.3	135	29.9	9,488	20.5
2022	48.1	8	19.0	4,708	22.5
Not Available					
2020	1.9	1	1.4	400	1.3
2021	1.9	5	1.1	1,313	2.8
2022	2.6	0	0	0	0
Totals					
2020	**100.0**	**71**	**100.0**	**30,462**	**100.0**
2021	**100.0**	**451**	**100.0**	**46,391**	**100.0**
2022	**100.0**	**42**	**100.0**	**20,965**	**100.0**
Source: 2020, 2021 & 2022 D&B Data; Bank Data *Due to rounding, totals may not equal 100.0%*					

From 2020 to 2022, the bank's performance was above the percent of businesses located in low-income census tracts. Similarly, performance in moderate-income census tracts also outperformed the business demographic data in each year presented.

While not used as a direct benchmark for intermediate small bank lending performance, aggregate lending data is a good tool to gauge small business loan demand in the AA. In 2020 and 2021, FGB exceeded the aggregate data of 5.2 and 4.8 percent in low-income tracts, respectively. Similarly, the bank's 2020 and 2021 small business lending in moderate-income tracts exceeded the aggregate data of 19.4 and 19.9 percent, respectively. Aggregate data for 2022 small business lending was not available as of the evaluation date. Overall, FGB's geographic distribution of small business loans reflects excellent dispersion in the AA.

Borrower Profile

FGB's distribution of borrowers reflects excellent penetration among businesses of different revenue sizes. The following table shows the distribution of small business loans by revenue level during the evaluation period.

Distribution of Small Business Loans by Gross Annual Revenue Category Assessment Area: Los Angeles-Orange					
Gross Revenue Level	**% of Businesses**	**#**	**%**	**$(000s)**	**%**
<=$1,000,000					
2020	89.3	36	50.7	13,682	44.9
2021	90.6	290	64.3	15,006	32.3
2022	91.7	18	40.9	6,484	30.6
>$1,000,000					
2020	4.6	34	47.9	16,080	52.8
2021	3.8	115	25.5	24,631	53.1
2022	3.2	25	56.8	13,981	66.1
Revenue Not Available					
2020	6.1	1	1.4	700	2.3
2021	5.6	46	10.2	6,754	14.6
2022	5.1	1	2.3	700	3.3
Totals					
2020	**100.0**	**71**	**100.0**	**30,462**	**100.0**
2021	**100.0**	**451**	**100.0**	**46,391**	**100.0**
2022	**100.0**	**44**	**100.0**	**21,165**	**100.0**
Source: 2020, 2021 & 2022 D&B Data; Bank Data *Due to rounding, totals may not equal 100.0%*					

Lending performance to small businesses is below the demographic data as shown in the table. However, many small businesses may not have credit needs or be creditworthy. FGB had strong performances in 2020 and 2021 where a majority of its loans made to businesses with revenues of $1.0 million or less. The level trended downwards in 2022 due to a slower year and uncertain economic conditions, but still at a reasonable level.

While not used as a direct benchmark for lending performance, aggregate lending data is a good tool to gauge small business loan demand in the AA. In 2020 and 2021, aggregate lending data showed that 41.7 and 45.3 percent, respectively, of small business loans were originated to businesses with revenues of $1.0 million or less. Aggregate data for 2022 was not available as of the date of this evaluation. Overall, FGB's lending performance demonstrates excellent penetration among businesses of different revenue sizes.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

FGB demonstrated excellent responsiveness to the CD needs of its AA through CD loans, qualified investments, and CD services. Examiners considered the institution's capacity and the need and availability of such opportunities.

Community Development Loans

FGB originated 110 CD loans totaling approximately $284.9 million during the evaluation period. This level of activity represents 23.9 percent of average total assets and 28.2 percent of average total loans since the prior evaluation. Both ratios are strong indicators of FGB's commitment to CD lending. The prior evaluation's ratios were 33.9 percent of average total assets and 37.1 percent of average total loans. However, as noted under the Scope of Evaluation, all PPP loans made in 2020 were considered as CD loans at the prior evaluation. Adjusting the prior evaluation's ratios to deduct the $40.5 million in PPP loans, the adjusted ratios are 29.7 percent of average total assets and 32.3 percent of average total loans. The bank's current ratios are just below these adjusted ratios.

Examiners also compared the bank's performance to two comparable institutions, finding that FGB's performance was much higher by both percentages of average total assets and average total loans. The following table shows the number and dollar volume of CD loans during the review period.

Community Development Lending

Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)	#	$(000s)
2020	0	0	0	0	3	7,200	0	0	**3**	**7,200**
2021	28	59,496	3	3,327	19	57,777	2	10,180	**52**	**130,780**
2022	13	23,179	1	1,346	25	71,040	1	1,250	**40**	**96,815**
YTD 2023	3	4,848	0	0	11	35,660	1	9,600	**15**	**50,108**
Total	**44**	**87,523**	**4**	**4,673**	**58**	**171,677**	**4**	**21,030**	**110**	**284,903**

Source: Bank Data

The following are notable examples of the bank's CD loans:

- In 2021, the bank renewed a $5.0 million working capital line of credit to a business located in a moderate-income census tract. The lending product assists the company in maintaining working capital and retaining over 1,000 LMI workers.

- During the review period, the bank provided $9.6 million in lending to pay off a construction loan and to provide permanent financing for a new 33-unit apartment building in a low-income tract to assist in revitalizing the community and supporting LMI families.

- In 2023, the bank provided $500,000 as a part of a loan pool to a non-profit organization with a mission to provide affordable housing for seniors and LMI families in California.

Qualified Investments

FGB made or continued to hold 133 qualified investments and donations, totaling approximately $14.8 million. The bank made 21 new equity or debt investments totaling approximately $8.7 million and continued to hold 18 prior period investments with an outstanding balance of $5.8 million. The new investments consisted of two mortgage-backed securities supporting affordable housing, one municipal bond supporting a school district that consists of a majority of LMI students, and the rest were deposits in CDFIs serving the AA.

In addition, FGB provided 94 qualified donations for $311,000 during the evaluation period. The number and dollar volume of donations increased compared to the prior evaluation when FGB provided 49 donations totaling $168,000.

The dollar amount of qualified investments and donations equals 1.2 percent of average total assets and 157.2 percent of average total securities. These ratios increased compared to the prior evaluation's ratios of 1.0 percent and 144.1 percent, respectively. FGB's performance as a percentage of average total assets is similar to one peer bank, and the bank's performance exceeds both peer banks as a percentage of average total securities. The following table shows the number and dollar volume of qualified investments made or held by year and purpose during the evaluation period.

Qualified Investments										
Activity Year	**Affordable Housing**		**Community Services**		**Economic Development**		**Revitalize or Stabilize**		**Totals**	
	#	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**	**#**	**$(000s)**
Prior Period	11	5,456	0	0	7	363	0	0	**18**	**5,819**
2021	2	3,149	4	992	0	0	0	0	**6**	**4,141**
2022	0	0	5	2,029	0	0	0	0	**5**	**2,029**
YTD 2023	0	0	10	2,490	0	0	0	0	**10**	**2,490**
Subtotal	**13**	**8,605**	**19**	**5,511**	**7**	**363**	**0**	**0**	**39**	**14,479**
Qualified Grants & Donations	14	41	64	214	16	56	0	0	**94**	**311**
Total	**27**	**8,646**	**83**	**5,725**	**23**	**419**	**0**	**0**	**133**	**14,790**
Source: Bank Data										

The following are notable examples of CD investments provided within the AA.

- In 2022, FGB purchased a $535,140 municipal bond for a school district where 65.0 percent of the students qualify for free-or-reduced lunch. The bond's purpose is to renovate and improve various schools and facilities within the district. The bond supports community services benefitting LMI individuals.

- In 2021, FGB purchased 2 mortgage-backed securities where the underlying collateral is composed of a total of 11 home mortgages to LMI borrowers residing within Los Angeles and Orange Counties. The $3.1 million purchases support affordable housing initiatives.

- During the evaluation period, the bank donated a total of $39,000 to an organization with a mission to cultivate philanthropists to invest in organizations that support and serve the underserved Asian and Pacific Islander community. The donations went toward scholarships to LMI students and supported the organization's various outreach programs such as shelter, healthcare, and job training/placement for LMI individuals.

Community Development Services

During the review period, 71 employees contributed 1,847 hours of CD services using their financial expertise or technical assistance to 13 different organizations within the AA. The hours were higher than the prior evaluation's total hours of 1,272 made over a similar length of review period. Annually, the employee participation rate has been over 60.0 percent of all employees, showing strong engagement bank-wide. The majority of the CD services supported community services targeted to LMI individuals and/or families. The following table shows the CD services by hours, year, and purpose during the evaluation period.

Community Development Services					
Activity Year	**Affordable Housing**	**Community Services**	**Economic Development**	**Revitalize or Stabilize**	**Totals**
	#	#	#	#	#
2021	0	504	21	0	**525**
2022	3	575	22	0	**600**
YTD 2023	1	710	11	0	**722**
Total	**4**	**1,789**	**54**	**0**	**1,847**
Source: Bank Data					

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

- During the evaluation period, a senior executive vice president served on the Board of a non-profit organization that fosters independence, employment, and community participation for individuals with disadvantages or developmental disabilities and service disabled veterans. The non-profit provides vocational and workforce programs to help its clients obtain employment and gain independence.

- During the review period, approximately 70.0 percent of all employees provided over 1,500 hours of CD services preparing free tax returns for LMI residents within the AA through the Voluntary Income Tax Assistance Program. This program is sponsored by the FDIC Alliance for Economic Inclusion.

- During the evaluation period, a lending officer provided financial expertise by serving on the Loan Committee of a CD organization that creates economic solutions to meet the employment, education, housing, environmental, and business development challenges of low-income residents in the Pacific Asian and other diverse communities of Los Angeles.

In addition to the CD services provided, FGB operates its San Gabriel and Irvine branches in moderate-income census tracts, further supporting LMI individuals and communities.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDICES

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 geographic distribution of the bank's loans;
4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

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.

GLOSSARY

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

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

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

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

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

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or metropolitan 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. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution 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 institution:

(i) Has not been reported or collected by the institution or an affiliate for consideration in the institution'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 institution's assessment area(s) or a broader statewide or regional area including the institution'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 institution'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.