

PUBLIC DISCLOSURE

June 4, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Open Bank
Certificate Number: 57944

1000 Wilshire Boulevard
Los Angeles, California 90017

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

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

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INSTITUTION RATING

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

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

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

** The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.*

The Lending Test is rated Outstanding.

- Lending levels reflect adequate responsiveness to the credit needs of the assessment area (AA).
- An adequate percentage of loans are made in the institution’s AAs.
- The geographic distribution of loans reflects excellent penetration throughout the AAs.
- The institution exhibits a good record of serving the credit needs of the most economically disadvantaged areas, very small businesses, and/or low-income individuals, consistent with safe and sound banking practices.
- The institution is a leader in making community development (CD) loans.
- The institution uses innovative and/or flexible lending practices to serve AA credit needs.

The Investment Test is rated Outstanding.

- The institution has an excellent level of qualified CD investments.
- The institution exhibits excellent responsiveness to credit and CD needs.
- The institution makes significant use of innovative and/or complex investments to support CD initiatives.

The Service Test is rated High Satisfactory.

- Delivery systems are reasonably accessible to essentially all portions of the institution’s AAs.
- To the extent changes have been made, the institution’s opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in low- and moderate-income (LMI) geographies and/or to LMI individuals.
- Services, including business hours, do not vary in a way that inconveniences portions of the AAs, particularly LMI geographies and/or individuals.
- The institution provides a relatively high level of CD services.

DESCRIPTION OF INSTITUTION

Open Bank (OB) is a state-chartered minority depository institution that is wholly owned and controlled by OP Bancorp, a one-bank holding company. The bank and the holding company are headquartered in Los Angeles, California. The institution is affiliated with the Open Stewardship Foundation, a non-profit organization started by the bank in 2011 that actively supports civic organizations, schools, and other non-profit organizations that provide public benefit services within various communities. The bank received a “Satisfactory” CRA rating at its previous FDIC Performance Evaluation, dated May 24, 2021, based on Interagency Intermediate Small Institution Examination Procedures. The bank did not engage in any merger or acquisition activity over the review period.

OB operates 11 full-service offices and 8 deposit-taking ATMs throughout California, Texas, and Nevada. Two branches, including the only branch in Nevada, area new since the prior examination. OB also operates five loan production offices (LPOs) through which loans guaranteed by the Small Business Administration (SBA) and U.S. Department of Agriculture (USDA) are originated. The LPOs are located in California, Washington, Georgia, and Colorado. The bank closed an LPO in Washington and opened two LPOs in California over the review period; refer to the Service Test for additional detail on locations and services.

OB specializes in commercial and government-sponsored, SBA-type lending, with a primary focus on serving small- to mid-sized business customers. Loan products offered include commercial real estate loans, business lines of credit, term loans, trade financing, commercial and industrial loans, and home mortgage loans. In addition to credit products, the bank offers a full line of traditional deposit services, including checking and savings accounts and certificates of deposit.

As of March 31, 2024, the institution reported total assets of \$2.2 billion, total loans of \$1.8 billion, and total deposits of \$1.9 billion. Since the previous evaluation, assets, loans, and deposits grew 39.5, 38.5, and 32.0 percent, respectively. Growth is primarily attributable to the physical expansion into new market areas. The bank’s primary lending focus continues to be commercial real estate; however, 1-4 family residential loan volume increased 20.5 percent in the 3-year period ending March 31, 2024, as a result of bank management’s strategy to diversify the commercial real estate portfolio by purchasing residential real estate loans. The following table illustrates the bank’s loan portfolio.

Loan Portfolio Distribution as of 3/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	15,558	0.8
Secured by Farmland	8,652	0.5
Secured by 1-4 Family Residential Properties	569,445	31.3
Secured by Multifamily (5 or more) Residential Properties	30,617	1.7
Secured by Nonfarm Nonresidential Properties	1,028,887	56.5
Total Real Estate Loans	1,653,159	90.8
Commercial and Industrial Loans	166,003	9.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	1,900	0.1
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	1,821,062	100.0
<i>Source: Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that could have limited the bank’s ability to meet AA credit needs over the review period.

DESCRIPTION OF ASSESSMENT AREAS

The following table provides information on the bank’s AA, including the number of census tracts based on 2015 American Community Survey (ACS) and 2020 U.S Census Bureau (Census) data. As the review period spans two sets of census data, both sets of data are presented and referenced throughout this evaluation. Activities related to 2021 and prior years utilize data from the 2015 ACS, whereas activities for 2022 and beyond utilize data from the 2020 Census. Refer to the rated areas and individual AAs for additional information.

Description of Assessment Areas					
Rated Area	Assessment Area	Counties in Assessment Area	# of CTs (2015 ACS)	# of CTs (2020 Census)	# of Branches
California					
	Los Angeles	Los Angeles, Orange	2,929	3,112	8
	Santa Clara	Santa Clara	372	408	1
Texas					
	Dallas	Collins, Dallas, Denton	818	1,058	1
Nevada					
	Las Vegas	Clark	NA	535	1
Total			4,119	5,113	11
<i>Source: Bank Data; 2015 ACS & 2020 Census Data</i>					

The Las Vegas AA is new since the last examination, added when OB opened a branch in Las Vegas, Nevada, in August 2023. As the bank has operated in Nevada for less than one year as of the date of this Evaluation, performance in the Las Vegas AA was not separately evaluated and ratings for Nevada

were not assigned; however, non-retail lending activity for Nevada is discussed as part of bankwide conclusions for the Lending, Investment, and Service Test elements, where relevant and applicable.

SCOPE OF EVALUATION

General Information

This evaluation utilizes Interagency Large Institution Examination Procedures to evaluate OB’s CRA performance from the prior evaluation, dated May 24, 2021, to the current evaluation, dated June 4, 2024. At the request of the institution, this evaluation includes CD donation activity of the affiliate, the Open Stewardship Foundation.

Based on the volume of lending, deposit, and branch activity across the AA, significantly greater weight was given to the bank’s performance in California in developing overall ratings for the Lending, Investment, and Service Tests; see the following table. Both California AAs and the single AA in Texas are presented throughout this Performance Evaluation utilizing full-scope examination procedures.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches*	
	#	%	\$(000s)	%	#	%
Los Angeles	211	77.0	1,753,745	94.2	8	72.7
Santa Clara	16	5.8	66,744	3.6	1	9.1
California Subtotal	227	82.8	1,820,489	97.8	9	81.8
Dallas	38	13.9	41,012	2.2	1	9.1
Texas Subtotal	38	13.9	41,012	2.2	1	9.1
Las Vegas	9	3.3	-	-	1	9.1
Nevada Subtotal	9	3.3	-	-	1	9.1
Total	274	100.0	1,861,501	100.0	11	100.0
<i>Source: 2023 CRA Loan Register (LR) and 2023 HMDA LAR; FDIC Summary of Deposits (6/30/2023); Bank Data; *As of 12/31/2023</i>						
<i>'-' indicates data not yet available for area</i>						

Activities Reviewed

The following table shows the number and dollar volume of the small business and home mortgage loans originated or purchased by year. While home mortgage lending by number and dollar generally exceeded small business loans over the review period, the majority of home loan volume is purchased loans; the bank purchased 55 home mortgage loans in 2021, 527 in 2022, and 157 in 2023. Therefore, the bank’s core business strategy remains on the origination of commercial loans and small business loans contributed greatest weight to conclusions. No other product types, such as agricultural or consumer lending, represent primary product lines.

Loan Products Reviewed				
Year	Small Business		HMDA	
	#	\$(000s)	#	\$(000s)
2021	N/A	N/A	146	107,761
2022	262	83,323	568	356,050
2023	220	60,939	172	90,395
Total	482	144,262	886	554,206
<i>Source: Bank Data, 2022 & 2023 CRA LRs, 2021, 2022, & 2023 HMDA LARs</i>				

OB reported HMDA data for the entire review period and began collecting and reporting CRA loan data in 2022. Therefore, examiners considered all small business loans reported on the CRA Loan Registers for 2022 and 2023 and all home mortgage loans reported on the bank’s 2021, 2022, and 2023 HMDA LARs to form relevant retail Lending Test conclusions. Performance by product was not consistent across all AAs over the review period; therefore, all years are presented in this evaluation.

Lending percentages were compared to both aggregate peer data, where available, and to relevant demographic data to develop conclusions. Small business demographic data is based on annual D&B data. Home mortgage demographic data is based on 2015 ACS data for 2021 and 2020 Census data for 2022 and 2023. Peer data is a better reflection of actual lending opportunity for an area than demographic data, which simply demonstrates potential lending opportunity. As such, comparison to aggregate data, where available, contributes greater weight to retail Lending Test conclusions across both product types.

All CD lending, qualified investments, and CD services from the prior evaluation dated May 24, 2021, through the current evaluation dated June 4, 2024 were considered to develop relevant Lending, Investment, and Service Test conclusions.

Delivery systems for providing retail banking services, including existing branch network, alternative delivery systems, branch openings and closings, and retail banking products targeted to LMI individuals and/or services targeted to AA needs were considered in forming applicable Service Test conclusions.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Lending Test performance is excellent. Performance in California, which contributes greatest weight to overall conclusions, is consistent with this conclusion. Performance in Texas was lower, but still good.

Lending Activity

OB’s lending levels reflect adequate responsiveness to the credit needs of the AAs. The bank originated or purchased 321 small business loans totaling \$86.3 million in the AAs in 2022 and 2023. This represents a decrease by both number and dollar volume from the prior evaluation at which time the bank originated or purchased 350 small business loans totaling \$114.3 million in its AAs. However, the time periods in the last evaluation differed slightly; while the current evaluation is based on two years of reported data for all rated areas, the last examination covered three years of lending activity for California and two years of activity for Texas. Additionally, small business volume at the last examination included Paycheck Protection Program (PPP) loans, which was a limited-time

program put into place in response to the coronavirus pandemic and not replicable over the current review period.

OB also originated or purchased 622 home mortgage loans totaling \$421.7 million within its AAs in 2021, 2022, and 2023. This represents a significant increase by number and dollar volume from the previous evaluation, at which time the bank originated or purchased 234 home mortgage loans totaling \$111.1 million. This increase is primarily due to the aforementioned residential real estate loan purchases. Further details regarding lending activity and market share can be found in the separate AA sections of this evaluation.

Assessment Area Concentration

An adequate percentage of loans are made in the institution’s AAs; see the following table.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business										
2022	166	63.6	96	36.4	262	50,645	60.8	32,678	39.2	83,323
2023	155	70.5	65	29.5	220	35,691	58.6	25,248	41.4	60,939
Subtotal	321	66.6	161	33.4	482	86,336	59.8	57,926	40.2	144,262
Home Mortgage										
2021	121	82.9	25	17.1	146	96,589	89.6	11,172	10.4	107,761
2022	391	68.8	177	31.2	568	263,748	74.1	92,302	25.9	356,050
2023	110	64.0	62	36.0	172	61,372	67.9	29,022	32.1	90,395
Subtotal	622	70.2	264	29.8	886	421,709	76.1	132,496	23.9	554,206
Total	943	68.9	425	31.1	1,368	508,045	72.7	190,422	27.3	698,468

Source: Bank Data; Due to rounding, totals may not equal 100.0%

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the AAs. Performance in California, which was given the greatest weight in the analysis, is consistent with this conclusion. Performance in Texas was lower, but still good.

Borrower Profile

The distribution of borrowers reflects good penetration among business customers of different sizes and retail customers of different income levels. Performance in California, which received the greatest weight in the analysis, is consistent with this conclusion, while performance in Texas was excellent.

Innovative or Flexible Lending Practices

OB uses innovative and/or flexible lending practices in a safe and sound manner to address the credit needs of LMI individuals or geographies throughout its AAs; see the following table. Innovative and/or flexible lending practices do not vary by AA; therefore, examiners analyzed performance at the institution level only.

Innovative or Flexible Lending Programs										
Type of Program	2021*		2022		2023		YTD 2024		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Affordable Housing Program	1	140	2	510	0	0	0	0	3	650
Healthcare Professional Loans	0	0	0	0	12	1,750	4	600	16	2,350
SBA 7a Loans	118	217,963	98	199,858	97	145,023	51	74,077	364	636,921
SBA 504 Loans	0	0	1	2,770	0	0	4	12,360	5	15,130
Small Business Micro Loan Program	0	0	77	770	84	1,650	11	220	172	2,640
USDA B&I	0	0	1	6,300	1	3,520	2	5,883	4	15,703
Warehouse Lines of Credit	4	70	3	45	3	25	1	5	11	145
Totals	123	218,173	182	210,253	197	151,968	73	93,145	575	673,539

Source: Bank Data; Due to rounding, totals may differ slightly; *Partial Year

The following represent examples of particularly impactful innovative or flexible loan programs offered by OB over the review period:

- **Healthcare Professional Loans:** The bank implemented this in-house program in March 2023 to address the lending needs of qualified licensed healthcare professionals. This program allows for a simplified application, underwriting, and approval process for acquisition, working capital, debt refinance, and/or equipment purchase loans to healthcare professionals.
- **SBA 7a and 504 Loans:** OB is a designated SBA Preferred Lender, which allows the bank to approve loan applications on behalf of the SBA and expedite the approval process to the benefit of the borrower. These SBA-guaranteed loan products are designed to provide financial help for small businesses with special requirements, such as short- and long-term working capital, debt refinancing, and major fixed assets that promote business growth and job creation. While SBA loans are not considered innovative, they offer borrowers another loan product when conventional financing may not be an option.
- **Small Business Micro Loans:** OB implemented this program in 2022 to address the financing needs within the communities it serves, especially targeting small businesses in LMI areas. Initially, the program provided fixed-rate microloans of \$10,000 to small or startup businesses, but later expanded its offering to \$20,000 loans. The sole expense associated with these loans is a low documentation fee, which demonstrates the bank's commitment to fostering small business growth and economic development within its communities.
- **USDA Business and Industry (B&I) Loans:** This loan program, introduced in 2022, is a loan guarantee program designed to assist credit-worthy rural businesses obtain credit. The intent of the program is to create and maintain employment and facilitate economic development in rural communities.

Community Development Loans

OB is a leader in making CD loans. CD lending increased by dollar from the last evaluation, where the bank originated 2,951 CD loans totaling \$351.8 million. Current CD lending represents 20.0 percent of average total assets and 24.7 percent of average total loans. While these ratios are below the 29.6 percent of average total assets and 35.6 percent of average total loans metrics from the last evaluation, the last evaluation's total CD lending included \$150.7 million in SBA Paycheck Protection Program (PPP) loans. This limited-time program, offered in response to the coronavirus pandemic, was unique

to the last evaluation and could not be replicated over the current review period. Additionally, OB's CD lending compares very favorably to similarly-situated institutions operating within the bank's AAs over a similar review period.

Performance was excellent in California; however, performance Texas was still good. While no activity targeted Nevada over the review period, the bank's presence in the AA is still new and is very limited. The following tables reflect the bank's CD lending by rated area and AA as well as by year.

Community Development Lending by Rated Area and by Assessment Area										
Assessment Area/ Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Los Angeles	5	20,145	0	0	34	147,263	1	8,000	40	175,408
Santa Clara	0	0	0	0	2	3,236	0	0	2	3,236
Statewide California	0	0	0	0	39	117,484	0	0	39	117,484
California*	5	20,145	0	0	75	267,983	1	8,000	81	296,128
Dallas	0	0	0	0	7	22,619	0	0	7	22,619
Statewide Texas	0	0	0	0	8	24,694	0	0	8	24,694
Texas*	0	0	0	0	15	47,313	0	0	15	47,313
Nevada*	0	0	0	0	0	0	0	0	0	0
Nationwide Activities	0	0	0	0	19	52,414	0	0	19	52,414
Total	5	20,145	0	0	109	367,710	1	8,000	115	395,855

*Source: Bank Data; *Rated Area*

Community Development Lending by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	1	1,370	0	0	14	50,068	0	0	15	51,438
2022	4	18,775	0	0	45	156,479	0	0	49	175,254
2023	0	0	0	0	37	123,197	0	0	37	123,197
YTD 2024	0	0	0	0	13	37,966	1	8,000	14	45,966
Total	5	20,145	0	0	109	367,710	1	8,000	115	395,855

*Source: Bank Data; *Partial Year*

Notable examples of CD loans that benefitted either multiple rated areas or the broader regional area proximate to the rated areas, categorized in the above table as Nationwide Activities, include:

- OB originated a loan for \$5.0 million to purchase an existing motel. This activity supported economic development, as it allowed the retention of jobs for LMI individuals.
- OB originated a loan for \$1.6 million to purchase a service station in a moderate-income geography. The loan supported economic development, as the service station employs several LMI individuals.

INVESTMENT TEST

Investment Test performance is excellent. Performance in California, which was given the greatest weight in drawing conclusions, is consistent with this conclusion. The bank's performance in Texas was lower, but still good.

Investment and Grant Activity

OB has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. Current period qualified investments represent 1.3 percent of average total assets and 14.5 percent of average total securities since the prior evaluation. Total CD investment and donation dollar volume increased significantly from the combined \$12.4 million total at the last evaluation, which represented 1.0 percent of average total assets and 19.1 percent of average total securities.

OB's level of CD investment and donation activity compares very favorably to similarly-situated institutions operating within the bank's AAs over a similar review period. Performance was excellent in California; however, performance Texas was still good. While no activity targeted Nevada over the review period, the bank's presence in the AA is still new and is very limited.

The following tables reflect the bank's CD lending by rated area and AA as well as by year.

Qualified Investments by Rated Area and Assessment Area										
Assessment Area/ Rated Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Los Angeles	5	13,320	135	772	0	0	0	0	140	14,092
Santa Clara	0	0	4	26	0	0	0	0	4	26
Statewide California	3	6,421	0	0	0	0	0	0	3	6,421
California*	8	19,741	139	798	0	0	0	0	147	20,539
Dallas	1	3,500	5	17	0	0	0	0	6	3,517
Statewide Texas	0	0	0	0	0	0	0	0	0	0
Texas*	1	3,500	5	17	0	0	0	0	6	3,517
Nevada*	0	0	0	0	0	0	0	0	0	0
Nationwide Activities	2	1,160	1	25	0	0	0	0	3	1,185
Total	11	24,401	145	840	0	0	0	0	156	25,241

Source: Bank Data; *Rated Area

Qualified Investments by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	5	9,731	0	0	0	0	0	0	5	9,731
2021*	1	3,500	0	0	0	0	0	0	1	3,500
2022	1	5,000	0	0	0	0	0	0	1	5,000
2023	2	6,160	0	0	0	0	0	0	2	6,160
YTD 2024	0	0	0	0	0	0	0	0	0	0
Subtotal	9	24,391	0	0	0	0	0	0	9	24,391
Qualified Grants & Donations	2	10	145	840	0	0	0	0	147	850
Total	11	24,401	145	840	0	0	0	0	156	25,241

*Source: Bank Data; *Partial Year*

Notable examples of qualified investments and donations made that benefitted either multiple rated areas or the broader regional area proximate to the rated areas, categorized in the above table as Nationwide Activities, include:

- The institution continues to hold a prior period investment of \$1.0 million in a national CRA fund that supports affordable housing needs throughout the United States. The bank’s contribution is earmarked for projects in California and Texas.
- The institution invested \$25,000 in a community fund that assists low-income and underserved individuals.

Responsiveness to Credit and Community Development Needs

The institution exhibits excellent responsiveness to credit and CD needs. All the qualified investments support affordable housing initiatives, a CD credit need identified for both the California and Texas rated areas. Additionally, qualified donations primarily supported organizations that provide community services to LMI populations, an identified CD need throughout the AAs.

Community Development Initiatives

OB makes significant use of innovative and/or complex investments to support CD initiatives. At \$20.2 million, the majority of CD investments originated or held over the review period are low-income housing tax credits (LIHTCs), which are considered complex. In addition, OB contributes ten percent of its annual profits to their affiliate non-profit organization, the Open Stewardship Foundation, who, in turn, channels funds to various qualifying CD organizations. This program was established to strengthen the bank’s ties and give back to the communities in which it serves in hopes of invigorating local efforts in education, poverty alleviation, healthcare, hunger relief, employment creation, and a spectrum of other public service initiatives. Over the review period, the bank’s total charitable contributions via the Foundation totaled \$745,000.

SERVICE TEST

Service Test performance is good. Performance in California, which contributes greatest weight to overall conclusions, is consistent with this conclusion. Performance in Texas was lower, but still adequate.

Accessibility of Delivery Systems

OB's delivery systems are reasonably accessible to essentially all portions of its AAs. Of the total offices the bank operates, 4 branches, or 36.4 percent, are located in LMI census tracts. This distribution is generally in line with census and population benchmarks but is above the 23.3 percent of branches located in LMI areas operated by all institutions within the AA. The following table shows the overall distribution of branches and ATMs, including the newly established branch and ATM in Las Vegas.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches*		ATMs*	
	#	%	#	%	#	%	#	%
Low	358	7.0	1,453,982	6.6	1	9.1	1	12.5
Moderate	1,343	26.3	5,843,270	26.6	3	27.3	2	25.0
Middle	1,586	31.0	7,033,939	32.0	5	45.5	5	62.5
Upper	1,722	33.7	7,452,127	33.9	2	18.2	0	0.0
NA	104	2.0	203,826	0.9	0	0.0	0	0.0
Total	4,578	100.0	19,721,683	100.0	11	100.0	8	100.0

*Source: 2020 U.S. Census; Bank Data; *As of 12/31/2023*

As discussed, the bank currently operates five LPOs, located in: La Mirada and Pleasanton, California; Lynwood, Washington; Duluth, Georgia; and Aurora, Colorado. The bank closed an LPO in Bellevue, Washington over the review period, while two California LPOs are new since the prior evaluation.

Bankwide alternative delivery systems that enhance accessibility to financial services primarily include internet and mobile banking. The bank's website has information on its products and services, allows the user to download an SBA loan application, and provides customers access to online banking services. Online banking services allow customers the ability to check account balances, transfer funds or make loan payments, view periodic statements, pay bills, set up alerts, and send and request money with others through Zelle. Mobile banking offers all the services of online banking in addition to mobile check deposit, mobile wallet, and telephone banking.

Changes in Branch Locations

The bank's record of opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly for LMI geographies and/or individuals. Since the prior evaluation, the bank opened two full-service branches: one in an upper-income tract in the Los Angeles AA and one in a middle-income tract in Nevada. While neither branch is located in an LMI tract, the Nevada branch is in close proximity to LMI geographies, which favorably impacts accessibility for LMI individuals in the Las Vegas AA. The bank did not close any branches over the review period.

Reasonableness of Business Hours and Services

Servicing, including business hours, do not vary in a way that inconveniences portions of the AAs, particularly LMI geographies and/or individuals. OB offers a wide variety of loan and deposit products, as well as other financial services, at all locations, some of which benefit LMI individuals. Branch hours and services are convenient and reasonable in comparison to other financial institutions operating in the AAs.

Community Development Services

OB provides a relatively high level of CD services. These hours include services completed by 220 different employees with 17 different organizations in the rated areas, the majority of which benefited California. CD service hours decreased from the prior evaluation, at which time employees provided 3,113 hours of CD services; however, the level of hours performed by OB employees still compares favorably to similarly-situated institutions.

Performance was excellent in California, though performance Texas was still adequate. While no activity targeted Nevada over the review period, the bank’s presence in the AA is still new and is very limited. Additionally, all hours related to the provision of community services, a CD need identified for the AAs, which demonstrates the bank’s responsiveness.

The following tables illustrate the bank’s CD services by rated area and AA, as well as by year.

Community Development Services by Rated Area and by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Los Angeles	0	2,594	0	0	2,594
Santa Clara	0	16	0	0	16
California*	0	2,610	0	0	2,610
Dallas	0	30	0	0	30
Texas*	0	30	0	0	30
Nevada*	0	0	0	0	0
Total	0	2,640	0	0	2,640
<i>Source: Bank Data; *Rated Area</i>					

Community Development Services by Year					
Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021*	0	93	0	0	93
2022	0	881	0	0	881
2023	0	1,125	0	0	1,125
YTD 2024	0	541	0	0	541
Total	0	2,640	0	0	2,640
<i>Source: Bank Data</i>					

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The institution’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.

CALIFORNIA

CRA RATING FOR CALIFORNIA: OUTSTANDING

The Lending Test is rated: Outstanding

The Investment Test is rated: Outstanding

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CALIFORNIA

As summarized in the bankwide section, OB maintains two AAs in California: the Los Angeles AA and the Santa Clara AA. The AAs are unchanged from the prior evaluation.

SCOPE OF EVALUATION – CALIFORNIA

As discussed at the bankwide Scope of Evaluation, both California AAs are presented as full-scope reviews. Due to the greater volume of lending, deposit, and branch activity, the Los Angeles AA contributes the significant majority of weight to rated area conclusions and the Santa Clara AA contributes minimal weight. Products reviewed for California, including weighting, are the same as for the institution as a whole; refer to the overall Scope of Evaluation for detail.

CONCLUSIONS ON PERFORMANCE CRITERIA IN CALIFORNIA

LENDING TEST

Lending Test performance in California is excellent. This is consistent with the performance in the Los Angeles AA, which was given the greatest weight. While performance in the Santa Clara AA was adequate, it did not adversely affect the overall conclusion for California.

Lending Activity

The bank's lending activity reflects adequate responsiveness to the credit needs in California given the high competition for financial services. Refer to bankwide conclusions for lending activity and trends by product and refer to individual AAs for discussion of market share and relevant market rank by product for full detail.

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the California AAs. Performance in the Los Angeles AA, which carries greatest weight, is consistent with this conclusion. While performance in the Santa Clara AA is poor, the AA contributes minimal weight to rated area conclusions. Refer to the individual AAs for details.

Borrower Profile

The distribution of borrowers reflects good penetration among business customers of different sizes and retail customers of different income levels in California. Performance in both the Los Angeles and Santa Clara AAs is consistent with this conclusion.

Community Development Loans

OB is a leader in making CD loans in California; see the following table. Performance was excellent in the Los Angeles AA, which carries greatest weight; however, performance in the Santa Clara AA

was still adequate. Overall, the loans primarily supported economic development initiatives and, to a lesser extent, promoted affordable housing and revitalization or stabilization efforts. Refer to the applicable AAs for additional detail.

Community Development Lending by Rated Area and by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Los Angeles	5	20,145	0	0	34	147,263	1	8,000	40	175,408
Santa Clara	0	0	0	0	2	3,236	0	0	2	3,236
Statewide California	0	0	0	0	39	117,484	0	0	39	117,484
Total	5	20,145	0	0	75	267,983	1	8,000	81	296,128
<i>Source: Bank Data</i>										

As the above table indicates, a significant portion of CD lending activity in California over the review period benefitted multiple AAs and/or the broader statewide area. Examples of these activities include the following:

- OB originated a \$5.0 million dollar loan to purchase an existing gas station, which supported economic development by retaining numerous LMI jobs.
- OB originated a \$5.0 million dollar loan to finance an existing hotel in a low-income geography, which supported economic development by retaining LMI jobs.

INVESTMENT TEST

Investment Test performance in California is excellent. Performance in the Los Angeles AA, which carries greatest weight, is consistent with this conclusion. Performance in the Santa Clara AA was lower, but still adequate.

Investment and Grant Activity

OB has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those not routinely provided by private investors in California. As depicted in the below table, the majority of activity benefitted the Los Angeles AA, which carries greatest weight in developing rated area conclusions. Volume increased significantly from the last evaluation, at which time the bank's investments in California totaled \$12.1 million.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Los Angeles	5	13,320	135	772	0	0	0	0	140	14,092
Santa Clara	0	0	4	26	0	0	0	0	4	26
Statewide California	3	6,421	0	0	0	0	0	0	3	6,421
Total	8	19,741	139	798	0	0	0	0	147	20,539
<i>Source: Bank Data</i>										

As the above table indicates, a portion of CD investment activity in California over the review period benefitted multiple AAs and/or the broader statewide area. Examples of these activities include the following:

- The institution continues to hold a prior period investment of \$3.1 million in a LIHTC that supports affordable housing throughout California.
- The institution continues to hold a prior period investment of \$2.5 million in a CRA fund that supports affordable housing in California.

Responsiveness to Credit and Community Development Needs

The institution exhibits excellent responsiveness to credit and CD needs within the California AAs. All the qualified investments supported affordable housing or community service initiatives, both of which were identified CD credit needs in the two AAs. While the majority of CD investment dollars in California benefitted the Los Angeles AA, each AA received the benefit of at least some CD donation activity; refer to individual AAs for detail.

Community Development Initiatives

OB makes significant use of innovative and/or complex investments to support CD initiatives. At \$16.7 million, the majority of CD investments originated or held over the review period are LIHTCs, which are considered complex. In addition, the \$732,000 of charitable donations through the Open Stewardship Foundation are innovative.

SERVICE TEST

Service Test performance in California is good. Performance in the Los Angeles AA, which received the greatest weight, is consistent with this conclusion. Performance in the Santa Clara AA was lower, but still adequate.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the California AAs, which is consistent with the bank's overall performance. Alternative delivery systems are generally the same across all AAs include online, mobile, and telephone banking options; refer to overall conclusions for full detail. Branch distribution varies somewhat by AA, refer to individual AAs for full detail.

Changes in Branch Locations

The institution's opening of branches has generally not adversely affected the accessibility of its banking services and delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank opened one branch in California over the review period, in the Los Angeles AA. Refer to the AA for specific detail.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the AAs, particularly LMI geographies and/or individuals. This performance is consistent with the bank's overall performance.

Community Development Services

The institution provides a relatively high level of CD services in California. The majority of the services were provided in the Los Angeles AA, which was given the greatest weight in assessing

performance in the state. Bank employees provided 2,610 hours of CD services in California during the evaluation period; refer to bankwide conclusions for detail by CD purpose and year. This represents a decrease from the prior evaluation at which time employees provided 3,084 hours of CD services in the two California AAs.

LOS ANGELES ASSESSMENT AREA – Full-Scope Review

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

The Los Angeles AA includes all of Los Angeles and Orange counties in southern California. These two counties make up the entire Los Angeles-Long Beach-Anaheim, CA MSA. The AA boundaries are unchanged from the prior evaluation; however, the number of census tracts and demographic data changed between the 2015 ACS and 2020 Census. Based on 2015 ACS data, the AA includes 266 low-, 821 moderate-, 760 middle-, and 1,028 upper-income census tracts, as well as 54 census tracts with no income designation. Based on 2020 Census data, the AA consists of 178 low-, 856 moderate-, 926 middle-, and 1,071 upper-income census tracts, as well as 81 with no income designation.

The following sections provide economic and demographic context for the AA sourced primarily from Moody’s Analytics, the Bureau of Labor Statistics, and U.S. Census data.

Economic and Demographic Data

The following tables illustrates select demographic characteristics of the AA for the 2020 U.S. Census and the 2015 ACS, respectively.

Demographic Information of the Los Angeles Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3,112	5.7	27.5	29.8	34.4	2.6
Population by Geography	13,200,998	5.2	28.3	30.9	34.4	1.1
Housing Units by Geography	4,661,034	4.8	25.4	29.8	38.7	1.3
Owner-Occupied Units by Geography	2,129,700	1.4	17.1	31.6	49.6	0.3
Occupied Rental Units by Geography	2,242,805	8.2	33.8	28.7	27.3	2.0
Vacant Units by Geography	288,529	4.4	21.4	25.3	46.4	2.4
Businesses by Geography	1,796,581	3.4	18.6	27.3	48.1	2.6
Farms by Geography	17,110	2.5	17.9	29.1	49.0	1.5
Family Distribution by Income Level	2,953,482	23.7	16.5	17.9	41.9	0.0
Household Distribution by Income Level	4,372,505	25.6	15.2	16.7	42.5	0.0
Median Family Income Los Angeles-Long Beach-Glendale, CA MD		\$80,317	Median Housing Value			\$696,400
Median Family Income Anaheim-Santa Ana-Irvine, CA MD		\$106,451	Median Gross Rent			\$1,676
			Families Below Poverty Level			9.6%
<i>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.</i>						

Demographic Information of the Los Angeles Assessment Area

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,929	9.1	28.0	25.9	35.1	1.8
Population by Geography	13,154,457	8.6	28.9	26.9	35.0	0.6
Housing Units by Geography	4,541,360	7.5	25.8	26.2	40.1	0.4
Owner-Occupied Units by Geography	2,082,030	2.7	17.6	27.5	52.2	0.1
Occupied Rental Units by Geography	2,190,392	12.0	33.7	25.1	28.4	0.7
Vacant Units by Geography	268,938	8.0	24.6	24.4	42.2	0.8
Businesses by Geography	1,535,471	4.9	19.3	24.7	49.3	1.9
Farms by Geography	15,120	3.8	18.3	26.8	50.3	0.9
Family Distribution by Income Level	2,913,538	24.4	16.3	17.0	42.3	0.0
Household Distribution by Income Level	4,272,422	25.6	15.5	16.1	42.8	0.0
Median Family Income MSA - 11244 Anaheim-Santa Ana-Irvine, CA		\$86,003	Median Housing Value			\$515,607
Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA		\$62,703	Median Gross Rent			\$1,353
			Families Below Poverty Level			13.0%

Source: 2015 ACS and 2021 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.

As noted in the below table, the medium family income has increased throughout the review period; however, cost of living in the AA is high and housing affordability is low. According to Moody's data, cost of living for the Los Angeles-Long Beach-Glendale MD and the Anaheim-Santa Ana-Irvine MD is over the national average by 32.0 and 49.0 percent, respectively. Further, the most recent addition of the California Association of Realtors Traditional Housing Affordability index reports that, based on the median home price in Los Angeles County of \$822,950 and the median home price in Orange County of \$1.4 million, only 14.0 percent of households in Los Angeles County and only 11.0 percent of households in Orange County can afford to purchase the medium-priced home.

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 MD				
2021 (\$80,000)	<\$40,000	\$40,000 to <\$64,000	\$64,000 to <\$96,000	≥\$96,000
2022 (\$91,100)	<\$45,550	\$45,550 to <\$72,880	\$72,880 to <\$109,320	≥\$109,320
2023 (\$98,200)	<\$49,100	\$49,100 to <\$78,560	\$78,560 to <\$117,840	≥\$117,840
Anaheim-Santa Ana-Irvine, CA MD				
2021 (\$106,700)	<\$53,350	\$53,350 to <\$85,360	\$85,360 to <\$128,040	≥\$128,040
2022 (\$119,100)	<\$59,550	\$59,550 to <\$95,280	\$95,280 to <\$142,920	≥\$142,920
2023 (\$127,800)	<\$63,900	\$63,900 to <\$102,240	\$102,240 to <\$153,360	≥\$153,360

Source: FFIEC

The following table reflects the average unemployment rate of the MSA, state of California, and the U.S. The data shows that the average annualized unemployment rate in the MSA and the state of California has exceeded the national average throughout the period indicated in the table. The unemployment rate in all areas was the highest in 2021 because of the pandemic. However, the rates dropped in 2022 and are approaching pre-pandemic levels.

Unemployment Rates				
Area	2021*	2022*	2023*	March 2024
	%	%	%	%
Los Angeles-Long Beach-Anaheim CA MSA	8.3	4.5	4.7	4.9
State of California	7.3	4.3	4.8	5.4
National Average	5.3	3.6	3.6	3.9
<i>Source: Bureau of Labor Statistics; *Average for the Year</i>				

D&B data for 2022 indicates that services represent the largest portion of business and farm operations at 36.7 percent; followed by non-classifiable establishments at 26.6 percent; and finance, insurance and real estate at 10.7 percent. The same data indicates that area businesses and farms are predominantly small operations with 94.4 percent operating from a single location and 60.7 percent employing less than five individuals.

According to a February 2024 Moody’s Analytics report, the AAs economy is cooling. Job growth is slipping from one year ago but is consistent with the rest of the U.S. Professional and business services. The area’s economic strengths include a highly trained, well-educated labor force, strong healthcare base, and a growing technology presence providing well-paying jobs; global links through entertainment, tourism, and fashion; and a deep San Pedro Harbor that enables them to handle megaships that other ports cannot handle. Economic weaknesses include high costs that impede the rate of net migration gains, as well as the area being prone to disasters, including drought, wildfires, and earthquakes. Finally, the top employers, by number of employees, are Cedars-Sinai Medical Center, Los Angeles International Airport, the University of California, Los Angeles, Disney Resorts, University of California, Irvine, and St. Joseph Health all of which employ more than 10,000 people

Competition

The Los Angeles AA is extremely competitive for financial services. According to June 30, 2023, FDIC Deposit Market Share data, 226 financial institutions operate 2,113 offices within the AA. Of these, OB ranked 46th with a deposit market share of 0.2 percent by dollar volume. OB operates eight branches in the AA.

Community Contacts

As part of the evaluation process, examiners contact third parties to assist in identifying the credit and CD needs of the AA. Examiners reviewed three recently conducted community contact interviews with individuals of organizations that promote economic development, small business development, and affordable housing in the AA.

The contacts discussed the high cost of living and housing in the AA, which has contributed to staffing shortages for businesses struggling to attract and retain local workers. One contact noted that some small businesses cannot operate on a full-time basis due to a lack of staff, cost of goods, and/or debt load concerns. The contacts indicated a primary credit need for the AA is flexible credit products targeted to small businesses. One contact noted that there is an ongoing need for small business credit

and financial education for business owners focused on available financing resources and credit opportunities in the area, while another indicated that local financial institutions could be more involved in small business financial literacy training and education.

One of the contacts discussed the relatively high level of unbanked and underbanked communities in the AA, and stated that impediments in establishing a banking relationship for these populations includes relatability with banks, lack of sufficient credit history to obtain lending products, or derogatory remarks prohibiting access to deposit accounts.

Credit and Community Development Needs and Opportunities

Considering information from demographic and economic data, as well as community contacts, examiners determined that commercial and home mortgage lending represents the primary credit needs in the AA. The AA's CD needs primarily relate to financial education and community services.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LOS ANGELES ASSESSMENT AREA

LENDING TEST

Lending Test performance in the Los Angeles AA is excellent.

Lending Activity

Lending levels reflect adequate responsiveness to the credit needs of the Los Angeles AA. As discussed at the bankwide level, small business loans contribute greater weight to retail lending test conclusions for the AA.

Competition for loans is significant. According to 2022 aggregate CRA data, 281 CRA data reporters collectively reported 567,825 small business loans within the AA. Of these institutions, OB ranked 70th with less than 0.1 percent of the market share by number. The top 3 reporters originated or purchased 61.8 percent of total market share by number. Home mortgage peer data for the same year indicates 880 reporting institutions originated or purchased 253,074 home mortgage loans in the AA. OB ranked 122nd with a 0.1 percent market share by number.

Geographic Distribution

The geographic distribution of loans reflects excellent penetration throughout the AA. This conclusion is supported by excellent small business and adequate home mortgage lending performance.

Small Business Loans

As reflected in the following table, OB's penetration of small business loans both to low- and to moderate-income geographies for both years of the review period was significantly above aggregate and demographic indicators. This performance is excellent.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	3.4	3.3	21	13.6	7,430	15.2
2023	3.4	--	12	8.9	2,105	6.5
Moderate						
2022	18.6	19.9	70	45.5	24,031	49.0
2023	18.7	--	54	40.0	13,239	41.0
Middle						
2022	27.3	28.5	37	24.0	11,012	22.5
2023	27.8	--	41	30.4	7,094	22.0
Upper						
2022	48.1	46.0	22	14.3	4,697	9.6
2023	47.5	--	24	17.8	8,746	27.1
Not Available						
2022	2.6	2.2	4	2.6	1,850	3.8
2023	2.6	--	4	3.0	1,120	3.5
Totals						
2022	100.0	100.0	154	100.0	49,020	100.0
2023	100.0	--	135	100.0	32,304	100.0

Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%

Home Mortgage Loans

As depicted in the following table, the bank's performance in lending in low-income census tracts was slightly below aggregate and demographic data in 2021, but improved in the following years. The bank's lending in moderate-income census tracts was in line with aggregate in 2021 and 2022 and generally in line with demographic indicators over the entire review period. Overall, this performance is adequate.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	2.7	2.6	1	1.0	462	0.6
2022	1.4	1.8	15	4.3	8,604	3.6
2023	1.4	--	3	3.9	2,442	4.7
Moderate						
2021	17.6	16.0	18	17.3	8,372	10.3
2022	17.1	16.9	65	18.6	36,788	15.2
2023	17.1	--	16	21.1	8,533	16.5
Middle						
2021	27.5	26.7	20	19.2	12,914	15.9
2022	31.6	30.4	105	30.1	63,096	26.1
2023	31.6	--	25	32.9	14,498	28.1
Upper						
2021	52.2	54.2	61	58.7	57,174	70.3
2022	49.6	50.4	161	46.1	130,765	54.2
2023	49.6	--	29	38.2	21,427	41.5
Not Available						
2021	0.1	0.5	4	3.8	2,460	3.0
2022	0.3	0.5	3	0.9	2,153	0.9
2023	0.3	--	3	3.9	4,681	9.1
Totals						
2021	100.0	100.0	104	100.0	81,381	100.0
2022	100.0	100.0	349	100.0	241,404	100.0
2023	100.0	--	76	100.0	51,580	100.0
<i>Source: 2015 ACS; 2020 U.S. Census; Bank Data, 2021 and 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects good penetration among business customers of different sizes and retail customers of different income levels. This conclusion is supported by good small business and adequate home mortgage performance.

Small Business Loans

While performance over the review period was below D&B demographic indicators, the bank's percentage of lending to small businesses in 2022 compares favorably to aggregate data, and 2023 performance is in line with prior year. Overall, this performance is good.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	91.7	51.9	99	64.3	21,178	43.2
2023	92.4	--	89	65.9	12,596	39.0
>\$1,000,000						
2022	3.2	--	42	27.3	24,262	49.5
2023	2.9	--	36	26.7	16,298	50.5
Revenue Not Available						
2022	5.1	--	13	8.4	3,580	7.3
2023	4.8	--	10	7.4	3,410	10.6
Totals						
2022	100.0	100.0	154	100.0	49,020	100.0
2023	100.0	--	135	100.0	32,304	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available; Due to rounding, totals may not equal 100.0%</i>						

Home Mortgage Loans

As shown in the following table, OB did not make any loans to low-income borrowers, and very few to moderate-income borrowers in 2021, which compares unfavorably to demographic and aggregate data. Performance improved in 2022 to just slightly below aggregate data by number, and, while aggregate data is not available for 2023, the bank's penetration to both low- and to moderate-income borrowers increased further. The annual increases reflect management's targeted efforts to reach the LMI borrowers in the area. Considering all factors, overall performance is adequate.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	24.4	3.1	0	0.0	0	0.0
2022	23.7	4.3	7	2.0	2,212	0.9
2023	23.7	--	6	7.9	1,442	2.8
Moderate						
2021	16.3	7.7	3	2.9	791	1.0
2022	16.5	7.2	22	6.3	7,051	2.9
2023	16.5	--	8	10.5	1,780	3.4
Middle						
2021	17.0	16.4	5	4.8	1,698	2.1
2022	17.9	14.9	57	16.3	25,269	10.5
2023	17.9	--	3	3.9	930	1.8
Upper						
2021	42.3	55.5	94	90.4	76,517	94.0
2022	41.9	55.5	234	67.0	177,358	73.5
2023	41.9	--	50	65.8	35,623	68.6
Not Available						
2021	0.0	17.2	2	1.9	2,375	2.9
2022	0.0	18.1	29	8.3	29,514	12.2
2023	0.0	--	9	11.8	12,136	23.4
Totals						
2021	100.0	100.0	104	100.0	81,381	100.0
2022	100.0	100.0	349	100.0	241,404	100.0
2023	100.0	--	76	100.0	51,910	100.0
<i>Source: 2015 ACS; 2020 U.S. Census; Bank Data, 2021 and 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Community Development Loans

OB is a leader in making CD loans in the Los Angeles AA. OB originated 40 CD loans totaling \$175.4 million over the review period. Of these, the majority promoted economic development initiatives by number and dollar volume; refer to statewide conclusions for detail. CD lending decreased by number and dollar since the previous evaluation, at which time the bank originated 2,149 CD loans totaling \$209.6 million. However, the volume at the prior evaluation included a substantial number of PPP loans provided in response to the coronavirus pandemic, which was not replicable over the current period; excluding these loans, the bank originated 94 CD loans totaling \$106.2 million at the last examination.

Examples of notable CD loans in the AA are as follows:

- OB supporting affordable housing in the AA by originating \$1.3 million loan to finance the purchase of an 11-unit apartment building in a low-income census tract. Rent for all tenants is

significantly lower than market rent, and will remain so due to the area's rent stabilization ordinance.

- The institution supported revitalization and stabilization in the AA by originating a \$13.0 million loan to a small business operating in a moderate-income census tract. The business employs 75 individuals.

INVESTMENT TEST

Investment Test in the Los Angeles AA is excellent.

Investment and Grant Activity

OB has an excellent level of qualified CD investment and grants, often in a leadership position, particularly those that are not routinely provided by private investors in the Los Angeles AA. The institution made or retained 140 qualified investments and grants totaling approximately \$14.0 million during the evaluation period. Qualified investments allocated to the AA include prior period investments totaling \$2.3 million and \$11.0 million in new investments, all of which promoted affordable housing. The bank also made donations of \$780,000 that supported affordable housing and community services targeted to LMI individuals. Total qualified CD investments increased from the last evaluation, where the bank's CD investment dollars allocated to the AA totaled \$10.0 million.

The following represent notable examples of qualified investments allocated to the Los Angeles AA.

- OB retained an interest of approximately \$2.3 in LIHTC projects, which supports affordable housing.
- OB invested \$11.0 million in new money towards two LIHTC investments that promote affordable housing initiatives. One project is for the development of a new 50-unit development for low-income seniors, with additional monies that will be used to rehabilitate low-income apartments. The second project was directed towards three different low-income housing projects in the AA.

Responsiveness to Credit and Community Development Needs

The institution exhibits excellent responsiveness to credit and CD needs within the AA. All the qualified investments support affordable housing or community service initiatives, both of which were identified needs in the AA.

Community Development Initiatives

OB makes significant use of innovative and/or complex investments to support CD initiatives. Over the review period the bank made 122 donations totaling \$706,000 through the Open Stewardship Foundation. Additionally, 3 investments totaling \$13.3 million are LIHTC investments, which are considered complex. Refer to overall conclusions for full detail.

SERVICE TEST

Service Test performance in the Los Angeles AA is good.

Accessibility of Delivery Systems

The institution's delivery systems are reasonably accessible to essentially all portions of the assessment area. Alternative delivery systems are generally the same across all AAs include online, mobile, and telephone banking options; refer to overall conclusions for full detail. Of the eight total branches the bank operates in the AA, four are located in LMI geographies. The bank also operates three deposit-taking ATMs in LMI areas of the AA.

Changes in Branch Locations

The institution's opening of branches has generally not adversely affected the accessibility of its banking services and delivery systems, particularly in LMI geographies and/or to LMI individuals. As indicated earlier, the bank opened a full-service branch in the AA over the review period. The office is in an upper-income census tract surrounded by middle- and upper-income geographies.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the AA, particularly LMI geographies and/or individuals. Products, hours, and services are the same across all AAs; refer to bankwide conclusions for full detail.

Community Development Services

The institution provides a relatively high level of CD services within the AA. Numerous bank employees provided 2,594 hours of financial expertise or technical assistance to entities that promote community services. The level of activity is slightly less than the prior evaluation, at which time the bank provided 3,059 hours of CD activity. However, the services provided are particularly impactful to an identified CD need in the area.

Below are notable examples of CD services provided in the AA during the evaluation period:

- Throughout the evaluation period, employees provided 973 hours of financial assistance to a local community organization as active participants in the Volunteer Income Tax Assistance program, which provides free tax return preparation assistance for LMI individuals.
- Employees provided a combined total of 319 hours of financial and IT-related services to an organization in the AA that provides community services to LMI individuals.

SANTA CLARA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE SANTA CLARA ASSESSMENT AREA

The Santa Clara AA includes all of Santa Clara County, which comprises a portion of the San Jose-Sunnyvale-Santa Clara MSA. Santa Clara County is located at the southern end of the San Francisco Bay and is home to Santa Clara Valley, which is also known as Silicon Valley. The AA boundaries are unchanged from the prior evaluation and demographic changes reflect only those made between the 2015 ACS and 2020 Census.

According to 2015 ACS data, the AA consists of 34 low-, 77 moderate-, 136 middle-, and 124 upper-income census tracts in addition to the 1 undesignated census tract. Census data from 2020 reflects the

area as having 29 low-, 89 moderate-, 165 middle-, 124 upper-income census tracts, as well as a single census tract with no income designation.

The following sections provide economic and demographic context for the AA sourced primarily from Moody’s Analytics, the Bureau of Labor Statistics, and U.S. Census data.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the AA for the 2020 U.S Census and the 2015 ACS.

Demographic Information of the Santa Clara Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	408	7.1	21.8	40.4	30.4	0.2
Population by Geography	1,936,259	6.4	21.5	41.6	30.4	0.1
Housing Units by Geography	668,896	5.4	18.9	43.5	32.0	0.2
Owner-Occupied Units by Geography	358,228	3.0	15.9	41.7	39.3	0.1
Occupied Rental Units by Geography	277,086	8.6	23.2	45.5	22.4	0.2
Vacant Units by Geography	33,582	3.9	16.7	45.3	33.8	0.2
Businesses by Geography	211,047	4.6	18.0	39.0	38.1	0.2
Farms by Geography	2,956	5.2	22.7	42.3	29.8	0.0
Family Distribution by Income Level	454,149	22.9	16.1	18.7	42.2	0.0
Household Distribution by Income Level	635,314	25.0	15.0	17.6	42.4	0.0
Median Family Income San Jose-Sunnyvale-Santa Clara, CA MSA	\$145,548	Median Housing Value		\$1,122,487		
		Median Gross Rent		\$2,381		
		Families Below Poverty Level		4.3%		
<i>Source: 2020 U.S. Census and 2022 D&B Data; Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Demographic Information of the Santa Clara Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	372	9.1	20.7	36.6	33.3	0.3
Population by Geography	1,868,149	9.3	21.3	36.4	33.0	0.2
Housing Units by Geography	646,190	7.8	19.3	37.7	35.2	0.0
Owner-Occupied Units by Geography	352,836	4.4	15.5	36.7	43.5	0.0
Occupied Rental Units by Geography	268,627	12.4	24.3	39.1	24.1	0.0
Vacant Units by Geography	24,727	6.9	18.6	38.2	36.3	0.0
Businesses by Geography	186,868	5.6	18.5	35.6	40.2	0.1
Farms by Geography	2,665	7.1	20.7	38.0	34.0	0.1
Family Distribution by Income Level	446,734	23.8	15.5	18.5	42.2	0.0
Household Distribution by Income Level	621,463	25.7	15.0	17.0	42.3	0.0
Median Family Income MSA - 41940 San Jose-Sunnyvale-Santa Clara, CA MSA		\$107,126	Median Housing Value			\$747,747
			Median Gross Rent			\$1,732
			Families Below Poverty Level			6.4%

Source: 2015 ACS and 2021 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.

D&B data for 2022 indicates that services represent the largest portion of business and farm operations at 41.4 percent; followed by non-classifiable establishments at 22.6 percent; and finance, insurance, and real estate at 10.5 percent. The same data indicates that area businesses and farms are predominantly small operations with 92.8 percent operating from a single location and 62.3 percent of them employing less than five individuals.

As the following table demonstrates, unemployment in the AA generally mirrors the national average and is better than that of California overall.

Unemployment Rates				
Area	2021*	2022*	2023*	March 2024
	%	%	%	%
San Jose-Sunnyvale-Santa Clara MSA	4.9	2.8	3.6	4.2
State of California	7.3	4.3	4.8	5.4
National Average	5.3	3.6	3.6	3.9

*Source: Bureau of Labor Statistics; *Average for the Year*

The following table reflects the FFIEC-estimated median family income levels for the San Jose-Sunnyvale-Santa Clara, CA MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2021 (\$148,700)	<\$74,350	\$74,350 to <\$118,960	\$118,960 to <\$178,440	≥\$178,440
2022 (\$166,600)	<\$83,300	\$83,300 to <\$133,280	\$133,280 to <\$199,920	≥\$199,920
2023 (\$178,800)	<\$89,400	\$89,400 to <\$143,040	\$143,040 to <\$214,560	≥\$214,560
<i>Source: FFIEC</i>				

According to a March 2024 Moody’s Analytics report, business costs are 67.0 percent over the U.S. average, while living expenses are 75.0 percent over the national average. According to the most recent edition of the California Association of Realtors’ Traditional Housing Affordability Index, only 18.0 percent of households in Santa Clara County could afford to purchase the median-priced home in the first quarter of 2024, down from 21.0 percent in first quarter 2023.

In regard to economic strengths and weaknesses in the county, Moody’s Analytics report as of March 2024, describes the area’s economic strengths include highly skilled workers and a legacy of successful entrepreneurship with access to substantial venture capital as well as high value-added manufacturing base that supports wage growth. Economic weaknesses include high business and living costs, as well as high volatility prone to large cyclical booms in the technology sector. The top employers in the area are Cisco Systems Inc., Alphabet Inc., and eBay Inc., all of which employ more than 10,000 people.

Competition

The Santa Clara AA is highly competitive for financial services. According to June 30, 2023, FDIC Deposit Market Share data, 61 financial institutions operate 313 offices within the AA. Of these, OB ranked 42nd, with a deposit market share of less than 0.1 percent by dollar.

Community Contact

Examiners reviewed community contact interview with a representative from an affordable housing organization in the AA. The contact indicated that the area is recovering from the coronavirus pandemic and unemployment has decreased, but rent continues to increase and there is a shortage of affordable housing. The individual indicated that the main credit needs are more tax-exempt bonds to create more opportunities for affordable housing organizations to develop new properties and named San Jose as the area in most need for affordable housing. The contact stated that there continues to be many opportunities for participation by local financial institutions to help with CD projects.

Credit and Community Development Needs and Opportunities

Examiners considered information from the community contact, bank management, and demographic and economic data to determine that commercial and home mortgage lending represents the primary credit needs of the AA. CD needs primarily relate to affordable housing, economic development, and community services; however, there is a high level of competition for the available opportunities.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE SANTA CLARA ASSESSMENT AREA

LENDING TEST

Lending Test performance in the AA is adequate.

Lending Activity

Lending levels reflect adequate responsiveness to the credit needs of the Santa Clara AA considering the competition and the bank's limited presence in the populated area.

The institution also faces significant competition for small business loans. Aggregate CRA data for 2022 shows that 149 CRA data reporters collectively reported 63,361 small business loans within the AA. Of these institutions, OB ranked 76th with less than 0.1 percent of the market share by number. The top 3 reporting lenders originated or purchased 62.8 percent of total market share by number.

The competition for home mortgage loans is also significant. In 2022, 507 HMDA-reporting institutions originated or purchased 38,740 home mortgage loans in the AA. OB ranked 179th with a market share of less than 0.1 percent by number. The top 3 lenders, all national banks, held 22.6 percent of market share, by number.

Geographic Distribution

The geographic distribution of loans reflects poor penetration throughout the AA. This is primarily supported by the bank's poor distribution of small business loans, which was given the greatest weight in drawing conclusions. The institution's adequate home mortgage lending was also considered but given less weight in drawing conclusions.

Small Business Loans

As indicated in the following table, the bank did not originate or purchase any small business loans in low- or moderate-income census tracts during the review period. Performance has not improved since the last evaluation, where the bank originated only two loans within LMI areas of the AA over the entire three-year review period. Although the bank's presence in the AA is limited and the overall volume of small business loans originated within the AA was minimal, this performance is poor.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	4.6	5.8	0	0.0	0	0.0
2023	4.6	--	0	0.0	0	0.0
Moderate						
2022	18.0	19.0	0	0.0	0	0.0
2023	18.1	--	0	0.0	0	0.0
Middle						
2022	39.0	40.2	5	83.3	930	78.8
2023	39.2	--	10	83.3	2,282	98.7
Upper						
2022	38.1	34.9	1	16.7	250	21.2
2023	37.9	--	2	16.7	30	1.3
Not Available						
2022	0.2	0.1	0	0.0	0	0.0
2023	0.2	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	6	100.0	1,180	100.0
2023	100.0	--	12	100.0	2,312	100.0

Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available; Due to rounding, totals may not equal 100.0%

Home Mortgage Loans

Meaningful conclusions for 2023 are not possible to very low volume for the year; thus, conclusions for the AA are based on performance in 2021 and 2022. In both 2021 and 2022, the bank's penetration of loans to low-income tracts was slightly above aggregate. The bank did not make any loans in moderate-income tracts in 2021, but performance in 2022 was again slightly above aggregate. Overall, this performance is adequate.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	4.4	4.1	1	7.1	1,290	9.3
2022	3.0	2.9	1	6.7	640	4.4
2023	3.0	--	0	0.0	0	0.0
Moderate						
2021	15.5	15.2	0	0.0	0	0.0
2022	15.9	15.7	3	20.0	1,826	12.5
2023	15.9	--	2	50.0	831	28.9
Middle						
2021	36.7	38.6	8	57.1	7,041	50.9
2022	41.7	43.3	7	46.7	7,376	50.4
2023	41.7	--	2	50.0	2,040	71.1
Upper						
2021	43.5	42.1	5	35.7	5,502	39.8
2022	39.3	38.0	4	26.7	4,796	32.8
2023	39.3	--	0	0.0	0	0.0
Not Available						
2021	0.0	0.0	0	0.0	0	0.0
2022	0.1	0.1	0	0.0	0	0.0
2023	0.1	--	0	0.0	0	0.0
Totals						
2021	100.0	100.0	14	100.0	13,833	100.0
2022	100.0	100.0	15	100.0	14,638	100.0
2023	100.0	--	4	100.0	2,871	100.0

Source: 2015 ACS; 2020 U.S. Census; Bank Data, 2021 and 2022 HMDA Aggregate Data, "--" data not available
Due to rounding, totals may not equal 100.0%

Borrower Profile

The distribution of borrowers reflects good penetration among business customers of different sizes and retail customers of different income levels. Small business lending performance, which received the greater weight in the analysis, is good. Home mortgage lending performance is poor.

Small Business Loans

In 2022, the bank's performance exceeded aggregate data, and penetration increased further in 2023. While penetration is below demographic data both years, D&B data includes all businesses in the AA that voluntarily respond to a survey request, including many very small entities that have limited or no credit needs. As a result, the survey data regularly indicates that most businesses in a given area are smaller businesses. Therefore, D&B data is only used as a general indicator of business demographics within the AA.

Further, additional review of the loans originated to businesses with gross annual revenues of \$1.0 million or less demonstrated that the majority of these loans were very small dollar, with origination amounts of less than \$20,000.

Considering all factors, the bank's overall performance is good.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	89.9	55.5	4	66.7	630	53.4
2023	90.7	--	9	75.0	1,387	60.0
>\$1,000,000						
2022	3.8	--	2	33.3	550	46.6
2023	3.5	--	3	25.0	925	40.0
Revenue Not Available						
2022	6.3	--	0	0.0	0	0.0
2023	5.8	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	6	100.0	1,180	100.0
2023	100.0	--	12	100.0	2,312	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available; Due to rounding, totals may not equal 100.0%</i>						

Home Mortgage Loans

Meaningful conclusions for 2023 are not possible to very low volume for the year; thus, conclusions for the AA are based on performance in 2021 and 2022. As shown in the following table, the bank did not originate any home mortgage loans to low-income borrowers in 2021 or 2022. While penetration to moderate income borrowers was in line with aggregate in 2022, the bank also did not originate any loans to moderate-income borrowers in 2021. Overall, this performance is poor.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	23.8	4.9	0	0.0	0	0.0
2022	22.9	5.8	0	0.0	0	0.0
2023	22.9	--	1	25.0	200	7.0
Moderate						
2021	15.5	10.5	0	0.0	0	0.0
2022	16.1	10.2	2	13.3	972	6.6
2023	16.1	--	0	0.0	0	0.0
Middle						
2021	18.5	20.6	4	28.6	2,853	20.6
2022	18.7	17.6	4	26.7	2,971	20.3
2023	18.7	--	1	25.0	631	22.0
Upper						
2021	42.2	54.3	10	71.4	10,979	79.4
2022	42.2	56.1	8	53.3	9,155	62.5
2023	42.2	--	2	50.0	2,040	71.1
Not Available						
2021	0.0	9.8	0	0.0	0	0.0
2022	0.0	10.3	1	6.7	1,540	10.5
2023	0.0	--	0	0.0	0	0.0
Totals						
2021	100.0	100.0	14	100.0	13,833	100.0
2022	100.0	100.0	15	100.0	14,638	100.0
2023	100.0	--	4	100.0	2,871	100.0
<i>Source: 2015 ACS; 2020 U.S. Census; Bank Data, 2021 and 2022 HMDA Aggregate Data, "--" data not available Due to rounding, totals may not equal 100.0%</i>						

Community Development Loans

OB made an adequate level of CD loans in the Santa Clara AA. The institution originated 2 CD loans totaling \$3.2 million within the AA during the evaluation period, both of which supported economic development, an identified AA need. While CD lending decreased in number and dollar volume since the previous evaluation at which time the bank made 102 CD loans totaling \$7.1 million, all but 1 loan totaling \$250,000 were PPP loans. Given the significant competition in the AA, along with the bank's limited presence, the bank's performance is reasonable.

The two CD loans originated in the AA are as follows:

- A \$1.5 million loan for the borrowers to purchase commercial real estate to start a business in a low-income census tract. Not only does this activity revitalize and stabilize the geography by attracting new or retaining existing businesses or residents, but it promotes economic development to a small business that employs low- or moderate-income individuals.

- A \$1.8 million loan to a business to help with the purchase of commercial real estate. This activity allowed the small business to continue operations and retain permanent jobs for low- and moderate-income individuals.

INVESTMENT TEST

Investment Test performance in the AA is adequate.

Investment and Grant Activity

The institution has an adequate level of qualified CD investments and grants in the AA. While none of the bank's qualified investments were made solely to the Santa Clara AA, the bank donated \$26,000 via the Open Stewardship Foundation to four qualifying organizations that provide community services to the AA. Total CD investment activity within the AA declined from the last evaluation, where qualified investments allocated to the Santa Clara AA totaled \$2.1 million.

Notable examples of qualified donations allocated to the Santa Clara AA include the following:

- OB donated 8,000 to a community service that strives to improve the quality of life for LMI seniors in the AA.
- OB donated \$4,000 to an organization that provides free standard health screenings for LMI individuals.

Responsiveness to Credit and Community Development Needs

The institution exhibits adequate responsiveness to credit and CD needs. All qualified investments supported community service initiatives, an identified CD need of the AA.

Community Development Initiatives

OB occasionally uses innovative and/or complex investments to support CD initiatives. As discussed above, the bank made 4 donations totaling \$26,000 through the Open Stewardship Foundation.

SERVICE TEST

Service Test performance in the AA is adequate.

Accessibility of Delivery Systems

The institution's delivery systems are reasonably accessible to essentially all portions of the AA. Alternative delivery systems are generally the same across all AAs include online, mobile, and telephone banking options; refer to overall conclusions for full detail. The bank operates only one branch in the AA. While the branch is located in a middle-income geography, it is in close proximity to moderate-income areas, which positively impacts accessibility for LMI individuals in the AA.

Changes in Branch Locations

No changes were made regarding opening and/or closing branches during the evaluation period. Therefore, examiners did not consider this criterion under the Service Test.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the AA, particularly LMI geographies and/or individuals. Products, hours, and services are the same across all AAs; refer to bankwide conclusions for full detail.

Community Development Services

The institution provides an adequate level of CD services within the AA. Two bank employees provided 16 hours of financial expertise or technical assistance to an entity that promotes community services. The level of activity is generally in line with that at the prior evaluation, where OB employees provided 25 hours of CD service to the AA.

TEXAS

CRA RATING FOR TEXAS: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: Low Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN TEXAS

The bank's only AA in Texas includes the contiguous counties of Collins, Dallas, and Denton in northern Texas. These 3 counties comprise a portion of the Dallas-Fort Worth-Arlington, TX MSA. The boundaries of the AA have not changed since the previous evaluation; however, census tract income levels changed between census years as described earlier. According to 2015 ACS data, the AA consists of 115 low-, 218 moderate-, 189 middle-, 290 upper-income census tracts as well as 6 census tracts with no income designation. Census data from 2020 reflects the area as having 114 low-, 270 moderate-, 286 middle-, and 369 upper-income census tracts in addition to 19 undesignated geographies.

The following sections provide economic and demographic context for the AA sourced primarily from Moody's Analytics, the Bureau of Labor Statistics, and U.S. Census data.

Economic and Demographic Data

The following tables illustrate select demographic characteristics of the AA, based on the 2020 U.S. Census and 2015 ACS, respectively.

Demographic Information of the Dallas Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,058	10.8	25.5	27.0	34.9	1.8
Population by Geography	4,584,426	10.6	25.1	27.2	36.1	1.1
Housing Units by Geography	1,722,268	11.3	24.8	28.0	34.8	1.1
Owner-Occupied Units by Geography	901,643	5.6	20.0	28.8	45.3	0.4
Occupied Rental Units by Geography	698,429	17.8	30.6	27.3	22.4	1.9
Vacant Units by Geography	122,196	16.3	27.1	26.2	28.2	2.2
Businesses by Geography	763,436	5.0	16.1	30.3	47.6	1.1
Farms by Geography	11,269	3.6	15.6	32.4	47.7	0.8
Family Distribution by Income Level	1,081,037	22.8	17.2	18.5	41.6	0.0
Household Distribution by Income Level	1,600,072	23.4	17.1	17.5	42.0	0.0
Median Family Income Dallas-Plano-Irving, TX MD	\$88,315	Median Housing Value				\$267,351
		Median Gross Rent				\$1,259
		Families Below Poverty Level				8.3%
<small>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.</small>						

Demographic Information of the Dallas Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	818	14.1	26.7	23.1	35.5	0.7
Population by Geography	4,079,069	12.5	26.8	24.8	35.7	0.2
Housing Units by Geography	1,558,907	13.2	24.9	25.5	36.2	0.3
Owner-Occupied Units by Geography	820,462	5.7	20.9	25.9	47.5	0.2
Occupied Rental Units by Geography	623,919	21.2	29.7	25.5	23.1	0.5
Vacant Units by Geography	114,526	23.2	27.3	22.9	26.2	0.5
Businesses by Geography	524,492	7.4	17.5	25.0	49.2	0.9
Farms by Geography	8,410	5.3	16.5	28.0	49.5	0.7
Family Distribution by Income Level	985,933	24.0	16.4	17.3	42.3	0.0
Household Distribution by Income Level	1,444,381	24.0	16.6	17.4	41.9	0.0
Median Family Income MSA - 19124 Dallas-Plano-Irving, TX		\$71,149	Median Housing Value		\$191,530	
			Median Gross Rent		\$998	
			Families Below Poverty Level		11.7%	
<i>Source: 2015 ACS and 2021 D&B Data; Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

D&B data for 2022 indicates that services represent the largest portion of business and farm operations at 33.1 percent; followed by non-classifiable establishments at 30.2 percent; and finance, insurance, and real estate at 13.0 percent. The same data indicates that area businesses and farms are predominantly small operations with 94.9 percent operating from a single location and 59.6 percent of them employing less than 5 individuals.

The following table reflects the FFIEC-estimated median family income levels for the AA, which are utilized in the Borrower Profile analysis and for CD activities.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2021 (\$89,000)	<\$44,500	\$44,500 to <\$71,200	\$71,200 to <\$106,800	≥\$106,800
2022 (\$97,400)	<\$48,700	\$48,700 to <\$77,920	\$77,920 to <\$116,880	≥\$116,880
2023 (\$105,600)	<\$52,800	\$52,800 to <\$84,480	\$84,480 to <\$126,720	≥\$126,720
<i>Source: FFIEC</i>				

The following table reflects the average unemployment rate of the Dallas-Plano-Irving, TX MD, state of Texas, and the U.S. The data shows that the average annualized unemployment rate in the MD and the state of Texas has generally mirrored the national average throughout the period indicated in the table. The unemployment rate in all areas was the highest in 2021 because of the pandemic. However, the rates dropped in 2022 and are approaching pre-pandemic levels.

Unemployment Rates				
Area	2021*	2022*	2023*	March 2024
	%	%	%	%
Dallas-Plano-Irving, TX MD	5.0	3.5	3.7	3.9
State of Texas	5.6	3.9	3.9	4.1
National Average	5.3	3.6	3.6	3.9
<i>Source: Bureau of Labor Statistics; *Average for the Year</i>				

Moody’s Analytics from February 2024 reports that the AA economics has slowed down in recent months. Job growth, which had been above average for much of 2023, fell below the national pace toward the end of the year. Business costs are 2.0 percent over the U.S. average, while living expenses are 13.0 percent over the national average. The housing market has improved, with house prices rising throughout the year, though new permits for single family have leveled off after a moderate rebound in early 2023. Since area housing is more overvalued than the national average, the forecast is that house prices will decline by about 3.0 percent over the next couple of years, more than the 1.0 percent decline forecast nationally. Further, the large amount of multifamily construction in recent years has pushed down apartment rents and therefore new permits for multifamily units. Economic strengths in the area include a stable demand for professional services due to many corporate headquarters; ideal distribution centers for international trade growth; and favorable migration trends and the characteristics of the population. Economic weaknesses include exposure to volatility in the technology sector, as well as diminished housing affordability as the area matures. The top three employers, by number of employees, are Walmart Inc., American Airlines, and Baylor Scott & White Health, all of which employ well over 20,000 people.

Community Contacts

Examiners reviewed two previously conducted community contact interviews. One was with a representative of an organization that provides education and community services to LMI families, while the other individual is from a nonprofit organization that promotes homeownership in the area. The contacts noted that businesses, particularly restaurants, have still not fully recovered from increased costs during the coronavirus pandemic, and stated that many small businesses in the area cannot get a small business loan, necessitating them needing to find different ways to run their business. This is a historical limitation for the area, and has resulted in limitations on businesses growth and size. Therefore, there is a definite need for flexible small-dollar business loans and also a need for banks to educate borrowers and work closer with residences to establish relationships.

One contact noted a shortage of affordable homes, adding that while their organization has a loan product and down payment assistance program, there are not enough affordable homes within the area on which to use the product. The individual noted that investors are coming into the area and buying up the stock of affordable homes and then raising the price of the home and valuation, thereby increasing taxes. Another contact indicated wages in the area are still low and most individuals do not have a living wage.

Competition

The Dallas AA is highly competitive for financial services. According to June 30, 2023, FDIC Deposit Market Share data, 204 financial institutions operate 1,004 offices within the AA. OB ranked 127th, with a deposit market share of less than 0.1 percent by dollar volume.

Credit and Community Development Needs and Opportunities

Examiners considered information from the community contacts, bank management, and demographic and economic data to determine that commercial and home mortgage lending represents the primary credit needs of the AA. CD needs primarily relate to economic development, affordable housing, and community services; however, there is a high level of competition for the available opportunities.

SCOPE OF EVALUATION – TEXAS

Consistent with the overall Scope of Evaluation, both small business and home mortgage lending was analyzed to form rated area conclusions. Small business lending contributed more weight to overall conclusions. Refer to the overall Scope of Evaluation section for additional information.

CONCLUSIONS ON PERFORMANCE CRITERIA IN TEXAS

LENDING TEST

Lending Test performance in Texas is good.

Lending Activity

Lending levels reflect adequate responsiveness to the credit needs of the Dallas AA considering the competition and the bank's limited presence in the populated area. During the review period, the bank originated or purchased 14 small business loans totaling \$1.5 million in the AA. This volume is a decrease from the prior evaluation, at which time the bank originated or purchased 32 small business loans totaling \$3.4 million; however, some of the loans at the previous evaluation were PPP loans made in response to the coronavirus pandemic.

Competition for small business loans in the AA is significant. Aggregate CRA data for 2022 shows that 279 CRA data reporters collectively reported 157,104 small business loans within the AA. Of these institutions, OB ranked 148th, with less than 0.1 percent of the market share by number. These figures do not include loans originated by smaller institutions that are not required to report small business lending data but that operate within the AA.

The bank also faces significant competition for home mortgage loans. In 2022, 964 HMDA-reporting institutions originated or purchased 137,282 home mortgage loans in the AA. OB ranked 355th, with a market share of less than 0.1 percent by number. These figures do not include loans originated by non-HMDA reporters.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the AA. This is primarily supported by good small business lending, which was given the greatest weight in drawing conclusions. The institution's home mortgage lending performance was adequate but was given less weight in drawing conclusions.

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the AA when compared to aggregate and demographic data; however, the analysis is skewed due to the low volume of lending in both years. While the bank's lending in low-income census tracts in 2022 significantly

exceeds demographic and aggregate data, it is offset by the lending performance in moderate-income census tracts which mirrors comparable data. Overall, performance is good.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2022	5.0	4.9	2	33.3	20	4.5
2023	5.3	--	1	12.5	20	1.9
Moderate						
2022	16.1	17.5	1	16.7	10	2.2
2023	16.5	--	4	50.0	515	47.9
Middle						
2022	30.3	28.3	1	16.7	10	2.2
2023	29.9	--	3	37.5	540	50.2
Upper						
2022	47.6	48.3	2	33.3	405	91.0
2023	47.3	--	0	0.0	0	0.0
Not Available						
2022	1.1	1.1	0	0.0	0	0.0
2023	1.1	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	6	100.0	445	100.0
2023	100.0	--	8	100.0	1,075	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data, "--" data not available; Due to rounding, totals may not equal 100.0%</i>						

Home Mortgage Loans

As reflected in the following table, OB did not originate or purchase enough loans in 2021 for meaningful analysis to be possible; therefore, conclusions are based on performance in 2022 and 2023. While the bank did not originate any home mortgage loans to low-income geographies in 2022 or 2023, lending in moderate income tracts compares favorably to aggregate, where available, and is generally in line with demographic indicators. Considering all factors, overall performance is adequate.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	5.7	3.1	0	0.0	0	0.0
2022	5.6	4.6	0	0.0	0	0.0
2023	5.6	--	0	0.0	0	0.0
Moderate						
2021	20.9	11.5	0	0.0	0	0.0
2022	20.0	13.6	4	14.8	947	12.3
2023	20.0	--	5	16.7	710	10.3
Middle						
2021	25.9	27.5	0	0.0	0	0.0
2022	28.8	32.3	7	25.9	1,862	24.2
2023	28.8	--	17	56.7	3,851	55.6
Upper						
2021	47.5	57.6	3	100.0	1,376	100.0
2022	45.3	48.9	16	59.3	4,897	63.6
2023	45.3	--	8	26.7	2,360	34.1
Not Available						
2021	0.2	0.2	0	0.0	0	0.0
2022	0.4	0.6	0	0.0	0	0.0
2023	0.4	--	0	0.0	0	0.0
Totals						
2021	100.0	100.0	3	100.0	1,376	100.0
2022	100.0	100.0	27	100.0	7,706	100.0
2023	100.0	--	30	100.0	6,921	100.0
<i>Source: 2015 ACS; 2020 U.S. Census; Bank Data, 2021 and 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects excellent penetration among business customers of different sizes and retail customers of different income levels. This is supported by the bank's performance in small business and home mortgage lending, both of which are excellent.

Small Business Loans

The distribution of borrowers reflects excellent penetration among businesses with gross annual revenues of \$1 million or less when compared to aggregate data. As reflected in the following table, the bank's performance significantly exceeded aggregate data in 2022.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2022	91.8	49.5	5	83.3	50	11.2
2023	92.5	--	6	75.0	425	39.5
>\$1,000,000						
2022	2.5	--	1	16.7	395	88.8
2023	2.2	--	2	25.0	650	60.5
Revenue Not Available						
2022	5.7	--	0	0.0	0	0.0
2023	5.3	--	0	0.0	0	0.0
Totals						
2022	100.0	100.0	6	100.0	445	100.0
2023	100.0	--	8	100.0	1,075	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data; 2022 CRA Aggregate Data; "--" data not available; Due to rounding, totals may not equal 100.0%</i>						

Home Mortgage Loans

As reflected in the following table, OB did not originate or purchase enough loans in 2021 for meaningful analysis to be possible; therefore, conclusions are based on performance in 2022 and 2023. For both years, the bank's penetration to both low- and to moderate-income borrowers was well above aggregate and demographic indicators. Penetration to moderate-income borrowers is particularly strong. Overall, this performance is excellent.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	24.0	3.4	0	0.0	0	0.0
2022	22.8	3.6	2	7.4	501	6.5
2023	22.8	--	5	16.7	655	9.5
Moderate						
2021	16.4	12.1	0	0.0	0	0.0
2022	17.2	11.7	11	40.7	3,096	40.2
2023	17.2	--	17	56.7	3,892	56.2
Middle						
2021	17.3	17.4	0	0.0	0	0.0
2022	18.5	18.3	5	18.5	1,346	17.5
2023	18.5	--	5	16.7	1,206	17.4
Upper						
2021	42.3	46.5	3	100.0	1,376	100.0
2022	41.6	46.4	8	29.6	2,492	32.3
2023	41.6	--	3	10.0	1,168	16.9
Not Available						
2021	0.0	20.6	0	0.0	0	0.0
2022	0.0	20.0	1	3.7	271	3.5
2023	0.0	--	0	0.0	0	0.0
Totals						
2021	100.0	100.0	3	100.0	1,376	100.0
2022	100.0	100.0	27	100.0	7,706	100.0
2023	100.0	--	30	100.0	6,921	100.0
<i>Source: 2015 ACS; 2020 U.S. Census; Bank Data, 2021 and 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Community Development Loans

OB made a relatively high level of CD loans in the Dallas AA. Over the review period, the bank originated or purchased 7 CD loans totaling \$22.6 million that directly benefitted the AA and 8 CD loans totaling \$24.7 million that benefitted the broader Texas area. All the loans promoted economic development initiatives, an identified CD credit need of the AA. CD lending increased significantly by dollar from the previous evaluation, where the bank made 114 CD loans totaling \$10.3 million in Texas. Examples of CD lending in the AA are as follows:

- OB originated a \$4.1 million loan to purchase an existing hotel. The loan promotes economic development by financing a small business and permanent job retention for LMI persons.
- OB originated a \$2.0 million loan to finance the purchase of an existing convenience store in a moderate-income area. The loan promoted economic development by financing a small business and creating or retaining jobs for LMI individuals.

INVESTMENT TEST

Investment Test performance in Texas is good.

Investment and Grant Activity

OB has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors. Total investments and grants made over the review period totaled \$3.8 million, an increase from the \$335,000 total CD investment activity at the prior evaluation. The investments and donations promoted affordable housing and community service initiatives; refer to bankwide conclusions for full detail. Notable examples of qualified investments and donations allocated to the Dallas AA include the following:

- In 2021, the bank committed \$3.5 million to a LIHTC project that supports affordable housing. The project consists of 12 buildings with 300 units, all of which are restricted to LMI households.
- In 2021 and 2022, the bank provided \$4,000 in donations to an organization that provides financial literacy targeted to students from LMI families.

Responsiveness to Credit and Community Development Needs

The institution exhibits excellent responsiveness to credit and CD needs. All the qualified investments support affordable housing or community service initiatives, both of which were identified needs in the AA.

Community Development Initiatives

OB makes significant use of innovative and/or complex investments to support CD initiatives. Three donations, totaling \$13,000, were made via the Open Stewardship Foundation and are considered innovative. Furthermore, the \$3.5 million investment in LIHTC are complex investment vehicles that support the long-term affordable housing needs of LMI individuals.

SERVICE TEST

Services Test performance in Texas is adequate.

Accessibility of Delivery Systems

The institution's delivery systems are reasonably accessible to essentially all portions of the AA. Alternative delivery systems are generally the same across all AAs; refer to overall conclusions for full detail. The bank operates a single branch and deposit-taking ATM in the AA, located in a middle-income geography.

Changes in Branch Locations

No changes were made regarding opening and/or closing branches during the evaluation period. Therefore, examiners did not consider this criterion under the Service Test.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences portions of the AA, particularly LMI geographies and/or individuals. Products, services, and hours are generally consistent across all AAs and are discussed at the bankwide level.

Community Development Services

The institution provides an adequate level of CD services within the AA. Three bank employees provided 30 hours of financial expertise or technical assistance to an entity that promotes community services. The level of activity is similar to the prior evaluation, at which time the bank provided 29 hours of CD activity.

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

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

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

Investment Test

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

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

Service Test

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

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

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

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

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

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
California	Outstanding	Outstanding	High Satisfactory	Outstanding
Texas	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory

GLOSSARY

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

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

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

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

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

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

Community Development (CD): 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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, 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 (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or they may sell them to corporations or investor groups, who, as owners of these properties,

will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state

in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.