

PUBLIC DISCLOSURE

October 15, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank Irvine
Certificate Number: 59296

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Irvine, California 92618

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

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San Francisco, California 94105

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Needs to Improve**.

An institution in this group needs to improve its overall 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.

The following points summarize the bank's Lending Test performance.

- The loan-to-deposit ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's asset size, financial condition, and assessment area credit needs.
- The institution made a substantial majority of loans and other lending related activities inside the assessment area.
- The geographic distribution of loans reflects very poor dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, poor penetration among business of different sizes and individual of different income levels.
- The institution did not receive any CRA-related complaints since opening for business; therefore, this factor did not affect the Lending Test rating.

Discriminatory or Other Illegal Credit Practices

During a concurrent consumer compliance examination, examiners identified illegal credit practices inconsistent with helping to meeting community credit needs. The bank's overall CRA Rating was not reduced despite the substantive nature of the violation cited. Please refer to the Discriminatory or Other Illegal Credit Practices section of this evaluation for more details.

DESCRIPTION OF INSTITUTION

Bank Irvine (BI) is a single branch, state chartered, minority-owned depository institution headquartered in Irvine, California. BI is a newly chartered bank that opened for business on October 18, 2022. This is the institution's first CRA Performance Evaluation. The institution's single location is in a middle-income census tract.

BI's primary business focus is serving the banking needs of small and medium-sized businesses, business owners, real estate owners and investors, and other individuals. The bank offers a variety of commercial and residential mortgage loans to its customers. Commercial loan products include commercial real estate loans to purchase or refinance office, warehouse/industrial, multifamily, retail shopping centers, hospitality, and other commercial structures, revolving lines of credit for working capital, account receivable financing, and asset-based lending, and business term loans.

Personal loans include fixed and variable rate purchase or refinance residential mortgage loans and home equity lines of credit. BI offers a variety of business and consumer deposit products that includes checking and savings to include money market and certificate of deposit accounts. Alternative delivery systems include debit cards (business and consumer), online and mobile banking, bill payment (personal and business), mobile check deposit, remote deposit capture, and wire transfers. While the bank does not operate a proprietary ATM, customers do have access through the Cirrus ATM network to access their funds. Currently, the bank is reimbursing customers for all ATM network fees.

According to the June 30, 2024, Reports of Condition and Income (Call Report), BI reported total assets of \$191.5 million, total loans of \$148.5 million, total deposits of \$161.0 million, and total equity capital of \$29.0 million. The following table shows BI's loan portfolio composition as of June 30, 2024.

Loan Portfolio Distribution as of 06/30/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	1,070	0.7
Secured by Farmland	0	0
Secured by 1-4 Family Residential Properties	97,275	65.5
Secured by Multifamily (5 or more) Residential Properties	0	0
Secured by Nonfarm Nonresidential Properties	42,339	28.5
Total Real Estate Loans	140,684	94.7
Commercial and Industrial Loans	7,860	5.3
Agricultural Production and Other Loans to Farmers	0	0
Consumer Loans	0	0
Obligations of State and Political Subdivisions in the U.S.	0	0
Other Loans	0	0
Lease Financing Receivable (net of unearned income)	0	0
Less: Unearned Income	(32)	0
Total Loans	148,512	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

BI's assessment area includes the counties of Los Angeles and Orange that are wholly contained within the Los Angeles-Long Beach-Anaheim, CA Metropolitan Statistical Area (MSA) #31080. This MSA is comprised of two Metropolitan Divisions (MDs): The Los Angeles-Long Beach-Glendale, CA MD #31084, which wholly contains Los Angeles County and the Anaheim-Santa Ana-Irvine, CA MD

#11244 wholly containing Orange County. The assessment area meets all the technical CRA requirements and does not arbitrarily exclude any low- or moderate-income areas.

Economic and Demographic Data

According to the 2020 U.S. Census, the assessment area consists of 178 low-, 856 moderate-, 926 middle-, 1,071 upper-income census tracts, and 81 census tracts with no income designation. The following table contains relevant assessment area demographic information.

Demographic Information of the Assessment Area						
Assessment Area: Los Angeles-Orange MSA						
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	2,120,886	3.4	19.0	27.3	47.6	2.6
Farms by Geography	21,319	2.8	18.7	29.0	47.9	1.5
Family Distribution by Income Level	2,953,482	23.7	16.5	17.9	41.9	0.0
Household Distribution by Income Level	4,372,505	25.6	15.2	16.7	42.5	0.0
Median Family Income MSA - 11244 Anaheim-Santa Ana-Irvine, CA		\$106,451	Median Housing Value			\$696,400
Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA		\$80,317	Median Gross Rent			\$1,676
			Families Below Poverty Level			9.6%
Source: 2020 U.S. Census and 2024 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

According to 2024 D&B demographics, there are 2,120,886 businesses located in the assessment area with reported gross annual revenues as follows:

- 92.7 percent of \$1.0 million or less;
- 2.7 percent of more than \$1.0 million; and
- 4.6 percent with unknown revenues.

Services represent the largest assessment area industry at 38.6 percent of businesses followed by non-classifiable establishments at 21.2 percent and finance, insurance, and real estate at 12.9

percent. Additionally, 66.7 percent of area businesses have 4 or fewer employees, and 95.1 percent of businesses operating from a single location.

The FFIEC annually publishes estimates of updated median family incomes by MSA or MD. The following table shows FFIEC-estimated median family incomes in the Los Angeles-Orange Assessment Area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Anaheim-Santa Ana-Irvine, CA Median Family Income (11244)				
2023 (\$127,800)	<\$63,900	\$63,900 to <\$102,240	\$102,240 to <\$153,360	≥\$153,360
2024 (\$129,000)	<\$64,500	\$64,500 to <\$103,200	\$103,200 to <\$154,800	≥\$154,800
Los Angeles-Long Beach-Glendale, CA Median Family Income (31084)				
2023 (\$98,200)	<\$49,100	\$49,100 to <\$78,560	\$78,560 to <\$117,840	≥\$117,840
2024 (\$98,200)	<\$49,100	\$49,100 to <\$78,560	\$78,560 to <\$117,840	≥\$117,840
<i>Source: FFIEC</i>				

Examiners obtained the following economic information from the August 2024 Moody's Analytics and the U.S. Bureau of Labor Statistics.

Los Angeles County

While the Los Angeles economy slowed down in 2023, it has proved to be strong in 2024. Monthly job gains have had a positive impact to the area economy with healthcare being the clear leader offsetting losses in tech, entertainment, and leisure/hospitality. The unemployment rate has edged slightly higher since its low of 5.0 percent in 2023 to an average of 5.3 percent in 2024. Area economic drivers are tourism, logistics, and high-tech jobs. Housing affordability continues to decline and is slightly below the state of California and well below that of the U.S. The area median housing value is \$727,188 and median gross rent is \$1,601.

The area's strengths include a strong healthcare base and growing tech presence providing well-paying jobs, and global links through entertainment, tourism, and fashion. The area's weaknesses include high costs that affect net migration gains. In addition, the area is prone to natural disasters, including drought, wildfires, and earthquakes. Largest employment sectors include education and health services at 20.1 percent, professional and business services at 14.4 percent, government at 12.8 percent, and leisure and hospitality services at 11.8 percent.

Orange County

The Orange County economy is among the strongest of California's large economies. Area economic drivers include tourism, high-tech, and medical center jobs. Job growth has held steady, even as the U.S. job market has cooled. Healthcare has been leading the way with tech and local government lending support. The leisure/hospitality sector grew the most in 2023, but has been trending sideways in 2024. House prices are higher in 2024 than 2023 and exceed both the state

and nation. The area's median housing value is \$794,995 and median gross rent is \$1,979. Single- and multifamily permits continue to be near decade lows. The home price index is near 5.0 percent in 2023. The area's average unemployment rate during the review period was 3.6 percent with a high of 4.1 percent in May 2024 and a low of 3.5 percent in May 2023. The unemployment rate has averaged 4.0 percent in 2024.

The area's strengths include a highly trained, well-educated labor force, lower business costs than the Bay Area, and a coastline and climate attracting residents and visitors alike. The area's weaknesses include a declining population, tourism that increases exposure to changes in consumer sentiment, and sensitivity to business and cycle fluctuations, specifically the capital raising climate. Largest employment sectors include professional and business services at 19.1 percent, education and health at 15.7 percent, leisure and hospitality services at 13.6 percent, and government at 9.6 percent.

Competition

According to the June 30, 2024, FDIC Deposit Market Share Report, BI faces strong competition from 106 other institutions operating 1,967 offices within the assessment area. Including BI, the 107 FDIC-insured institutions account for over \$667.1 billion in total deposits within the assessment area. BI ranks 86th and holds 0.02 percent of the area deposit market share; it is one of 25 institutions with locations solely in the Los Angeles-Long Beach-Anaheim MSA. The top 5 institutions control approximately 62.5 percent of the assessment area's deposit market share with combined deposits of approximately \$417.2 billion.

Community Contacts

As part of the evaluation process, examiners reach out to the community to assist in identifying community credit needs and opportunities. Examiners reviewed one recent community contact conducted in July 2024. The organization is a local community development financial institution that makes direct loans and investments in local community and economic development projects. According to the contact, there are positive economic signs in the Los Angeles area. Construction costs remain high, resulting in additional capital needed to bring projects to completion. Within the small business economy, the contact noted that business owners face challenges such as keeping up with wage rates, increased labor costs, obtaining permits, and food/supply costs. The contact further noted that there are very little grant dollars, capital, and resources for economic development projects as compared to affordable housing projects in the area. The contact indicated that there are opportunities for local financial institutions that includes investing capital into local community development financial institutions, providing permanent financing for affordable housing-related projects, and providing subordinate lending programs.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that credit needs exist for small business financing. There is also a need for affordable housing given the area's high cost of living. The assessment area median gross rent is \$1,676 and the median housing value is \$746,364. There is a need for financial

solutions to providing downpayment assistance for homeownership. There is also a need to provide home improvement loans. The assessment area median housing stock age at 57 years helps support this credit need. There are significant concentrations of assessment area low- and moderate-income families at approximately 40 percent of which 24.0 percent are low- and 16.0 percent are moderate-income. Small business and home mortgage lending opportunity and demand is significant. The significant percentage of businesses with gross annual revenues of \$1 million or less and the large number of businesses with four or few employees help support this conclusion.

SCOPE OF EVALUATION

General Information

Examiners used Interagency Small Institution Examination Procedures to evaluate BI's CRA performance. This evaluation covers the period from the bank's first day of business operations on October 18, 2022, to the current evaluation date of October 15, 2024.

Activities Reviewed

Examiners determined that the institution's major product line is home mortgage loans. This conclusion is supported by BI's business strategy, loan portfolio composition, and lending activity during the review period. BI is not a Home Mortgage Disclosure Act (HMDA) reporter, as it is a new institution and has not met the HMDA reporting threshold. BI also offers small business loans; however, it is considered a secondary product line. The bank does not offer small farm or consumer loans. Examiners relied on bank records to determine loan products as well as the number and dollar volume of loans reviewed.

Examiners analyzed the universe of home mortgage loans, including home equity lines of credit, originated year-to-date September 30, 2024, and a sample of home mortgage loans originated in 2023. In addition, examiners analyzed the universe of small business loans originated during in 2023 and 2024. The following table shows the number and dollar volume of home mortgage and small business loans reviewed by year.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Home Mortgage				
2023	57	84,208	44	60,368
2024	28	43,958	28	43,958
Small Business				
2023	3	1,848	3	1,848
2024	1	860	1	860
<i>Source: Bank Data</i>				

Based on the bank's loan originations by number during the review period, home mortgage loans will be given more weight than small business loans. Examiners analyzed and presented both years

of lending data since this is the bank’s first CRA evaluation. While both the number and dollar volume of home mortgage loans is presented, examiners emphasized performance by number of loans because it is a better indicator of the number of individuals served. Examiner compared the institution’s home mortgage lending performance to 2020 U.S. Census Data. The low volume of small business loans originated does not make for meaningful conclusions and are only discussed to add context under the Geographic and Borrower Distributions. All home mortgage and small business loans are included in the Assessment Area Concentration section of the evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

BI demonstrated “Needs to Improve” performance under the Lending Test. The Lending Test performance is supported by very poor geographic and poor borrower distribution, reasonable loan-to-deposit ratio, and a substantial majority of loans in the bank’s assessment area. More weight is placed on the bank’s geographic and borrower distribution criterion.

Loan-to-Deposit Ratio

BI’s average net loan-to-deposit ratio is reasonable given the institution’s size, financial condition, and assessment area credit needs. The ratio averaged 92.5 percent over a seven-quarter period from December 31, 2022, to June 30, 2024. The ratio ranged from a high of 138.3 as of March 31, 2023, to a low of 63.6 as of September 30, 2023. The extreme fluctuation in the ratio during the review period is explained by the bank’s de novo status. The ratio averaged 81.6 percent over the previous four quarters. Examiners identified two similarly situated institutions based on the geographic location, asset size, and loan portfolio composition. BI greatly exceeded the loan-to-deposit ratio of one of the similarly situated institutions and mirroring that of the other institution. The following table shows the performance of both similarly situated institutions compared to BI.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 6/30/2024 (\$000s)	Average Net LTD Ratio (%)
Bank Irvine	191,529	92.5
Similarly Situated Institution #1	172,453	44.8
Similarly Situated Institution #2	346,726	92.3
<i>Source: Reports of Condition and Income 12/31/2022 – 6/30/2024</i>		

Assessment Area Concentration

BI made a substantial majority of home mortgage and small business loans in the assessment area during the review period by both number and dollar volume of loans. The following table shows the lending inside and outside of the bank’s assessment area during the review period.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2023	36	81.8	8	18.2	44	55,449	91.9	4,919	8.1	60,368
2024	25	89.3	3	10.7	28	41,765	94.3	2,193	5.7	43,958
Subtotal	61	84.7	11	15.3	72	97,214	93.2	7,112	6.8	104,326
Small Business										
2023	3	100.0	0	0.0	3	1,308	100.0	0.0	0.0	1,308
2024	0	0.0	1	100.0	1	0.0	0.0	860	100.0	860
Subtotal	3	75.0	1	25.0	4	1,308	60.3	860	39.7	2,168
Total	63	84.0	12	16.0	75	93,022	92.1	7,972	7.9	100,994
Source: Bank Data Due to rounding, totals may not equal 100.0% Dollar amounts for Small Business, Small Farm and Consumer loans are multiplied by 1000.										

Geographic Distribution

The geographic distribution of home mortgage and small business loans reflects very poor dispersion throughout the assessment area. The following table shows the bank's geographic distribution for 2023 and year-to-date September 2024 home mortgage loans within the assessment area compared to the percentage of owner-occupied housing units.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Low					
2023	1.4	0	0.0	0	0.0
2024	1.4	0	0.0	0	0.0
Moderate					
2023	17.1	2	5.6	988	1.8
2024	17.1	0	0.0	0	0.0
Middle					
2023	31.6	16	44.4	16,915	30.5
2024	31.6	3	12.0	2,720	6.5
Upper					
2023	49.6	18	50.0	37,546	67.7
2024	49.6	22	88.0	39,045	93.5
NA					
2023	0.3	0	0.0	0	0.0
2024	0.3	0	0.0	0	0.0
Total					
2023	100.0	36	100.0	55,449	100.0
2024	100.0	25	100.0	41,765	100.0
<i>Source: 2020 US Census Data; Bank Data</i>					

The bank originated no loans in low-income census tracts in 2023 or 2024. Lending opportunities in those tracts is low based on the low percentage of owner-occupied housing units in low-income tracts. The bank's lending in moderate-income tracts in 2023 is 11.6 percentage points below the percentage of owner-occupied housing units with no loans originated in moderate-income tracts in 2024. Examiners also considered 2023 aggregate data as a consideration of lending demand and opportunities in low- and moderate-income census tracts. The data shows that aggregate lenders originated 1.6 percent of home mortgage loans in low- and 16.3 percent in moderate-income census tracts. This further supports BI's very poor lending activity in these census tracts.

BI also originated three small business loans in 2023, all of which were made in upper-income census tracts, further highlighting the bank's very poor lending penetration within low- and moderate-income census tracts.

Borrower Profile

The bank's distribution of borrowers reflects, given the demographics of the assessment area, poor penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. The following table shows the bank's home mortgage lending by borrower income level during the review period.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low					
2023	23.7	0	0.0	0	0.0
2024	23.7	0	0.0	0	0.0
Moderate					
2023	16.5	0	0.0	0	0.0
2024	16.5	0	0.0	0	0.0
Middle					
2023	17.9	1	2.8	400	0.7
2024	17.9	1	4.0	552	1.3
Upper					
2023	41.9	35	97.2	55,049	99.3
2024	41.9	24	96.0	41,213	98.7
Total					
2023	100.0	36	100.0	55,449	100.0
2024	100.0	25	100.0	41,765	100.0
<i>Source: 2020 US Census Data; Bank Data</i>					

BI originated no loans to low- or moderate-income borrowers during the review period. The assessment area is considered a high-cost area with low housing affordability. In addition, the 10.0 percent poverty rate directly impacts lending to low-income borrowers, who are likely not to be homeowners. The bank did originate a couple loans to middle-income borrowers during the review period; however, those percentages fall far below the percentage of middle-income families. Examiners also reviewed 2023 aggregate data to assess home mortgage lending demand to low- and moderate-income borrowers in the assessment area. The data showed 4.4 percent and 6.5 percent of home mortgage loans were originated to low- and moderate-income borrowers, respectively. In addition, 15.8 percent of loans were originated to middle-income borrowers. This data shows there were lending opportunities to low-, moderate-, and middle-income borrowers in the assessment area.

BI did originate three small business loans to small businesses in 2023. These loans represent 100 percent of the bank's small business loan originations during the review period in the bank's assessment area, reflecting positively on the bank's performance.

Response to Complaints

BI has not received any CRA-related complaints during the review period; therefore, this criterion did not affect the Lending Test rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed BI's compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and Equal Credit Opportunity Act. Pursuant to Section 345.28(c) of the FDIC Rules and Regulations, evidence of discriminatory or other illegal credit practices in any geography or assessment area can adversely affect the bank's CRA performance. Examiners must consider the nature, extent, strength of evidence of the practices, the policies and procedures in place to prevent the practices, any corrective action taken or committed to be taken by the bank, including voluntary corrective action resulting from self-assessments, and any other relevant information.

Examiners identified illegal credit practices inconsistent with helping to meet community credit needs during a concurrent consumer compliance examination. Specifically, examiners identified a substantive violation of Section 1026.40 (d)-(e) of the Truth in Lending Act, as implemented by Regulation Z. The identified violation was widespread; however, examiners determined the violation directly impacted a limited number of borrowers. Bank management committed to taking immediate corrective action to address the identified issue that includes providing reimbursement to all affected borrowers. While the bank maintains a policy and procedures, they were not sufficient to mitigate the risks associated with underwriting HELOCs or to prevent violations of law. In response to the FDIC examination findings, the bank agreed to update disclosures and enhance its oversight over HELOCs. Examiners determined that the violation did not warrant a further downgrade of the bank's assigned Needs to Improve rating.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

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

GLOSSARY

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

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

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

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

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

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

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

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

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

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

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

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

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

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

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

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

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

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

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

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

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

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