

PUBLIC DISCLOSURE

January 22, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Beneficial State Bank
Certificate Number: 58490

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Oakland, California 94612

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

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

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INSTITUTION RATING

INSTITUTION'S COMMUNITY REINVESTMENT ACT (CRA) RATING: This institution is rated **Outstanding**. An institution in this group has an outstanding record of helping to meet the credit needs of its assessment areas (AAs), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

Beneficial State Bank's (BSB) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and outstanding performance under the Community Development (CD) Test supports the overall rating. The following points summarize the bank's Lending Test and CD Test performance.

The Lending Test is rated: Satisfactory.

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and the AAs' credit needs.
- A majority of loans and other lending related activities are in the institution's AAs.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- The distribution of borrowers reflects, given the demographics of the AAs, reasonable penetration among individuals of different income levels (including LMI) and businesses of different revenue sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Outstanding.

The institution's CD performance demonstrates excellent responsiveness to CD needs in its AAs through CD loans, qualified investments, and CD services, as appropriate. Examiners considered the institution's capacity and the need and availability of such opportunities for CD in the institution's AAs.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated June 6, 2016, to the current evaluation dated January 22, 2019. Examiners used the Interagency Intermediate Small Institution (ISB) Examination Procedures to evaluate BSB's CRA performance. These procedures include two tests: the Lending Test and the CD Test.

The Lending Test considered the bank's performance according to the following criteria.

- LTD ratio
- AA concentration
- Geographic distribution
- Borrower profile
- Response to CRA-related complaints

The CD Test considered the following factors.

- Number and dollar amount of CD loans, qualified investments, and CD services;
- Responsiveness of such activities to the CD needs of the AAs.

Banks must achieve at least a Satisfactory rating under each test to obtain an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

Examiners reviewed and analyzed 2016, 2017, and year-to-date (YTD) 2018 small business and consumer lending data. Due to data availability issues for the full year, the 2018 small business lending analysis and presentation are based on data through October 31, 2018, and the 2018 consumer lending analysis and presentation are based on data through November 30, 2018. Consumer loans are a major product line for the State of California; however, they are not considered a major product for Oregon and Washington States. The bank made 12 loans totaling \$239,000 in the State of Oregon and 8 loans totaling \$172,000 in the State of Washington. And as a result, examiners did not review consumer loans for Oregon and Washington States. For small business and consumer lending, the 2017 and YTD 2018 data are presented in this Performance Evaluation. Examiners also reviewed and analyzed the 2016 and 2017 Home Mortgage Disclosure (HMDA) data (multi-family lending only). Since the performance of the 2016 and 2017 multi-family lending are consistent, the 2017 multi-family lending data is presented as this is the year with the most recent aggregate lending data available for comparison. The 2018 HMDA data for multi-family lending is included in the scoping section of this Performance Evaluation to show the total number of multi-family lending for the review period. However, due to changes in the HMDA Rule and lack of relevant demographic and aggregate lending data, examiners did not analyze, present, nor made any conclusions about the 2018 multi-family data in this Performance Evaluation.

In analyzing the bank's small business data, the 2017 aggregate data for small business has been referenced as applicable; however, it is not used as the primary comparison. It is used in conjunction with the demographic data because it is a better indicator of demand and opportunities for credit than the demographic data. Anomalies and performance context influencing lending conclusions are discussed as needed and where appropriate.

The evaluation of the distribution of lending primarily considered and focused on the number of loans. The evaluation also considered the dollar amount of lending and any anomalies present were noted as applicable. For CD lending, qualified investments, and CD services, the review time period was from June 6, 2016, to January 22, 2019 (YTD 2019). The Investment Test included investments made during the current evaluation period and any investments still outstanding from the prior evaluation period. Quarterly average assets using quarterly Call Report data from June 30, 2016 to December 31, 2018, totaled \$806.1 million. For the same period, average total securities totaled \$37.4 million, average total loans totaled \$597.2 million, and average total deposits totaled to \$649.9 million. Since no CD activities were available for YTD 2019, the CD Test table will not show YTD 2019 activities.

Based on BSB's distribution of deposits, branches, loans, and CD activity, examiners placed the greatest weight for rating the bank's performance on the State of California. The Los Angeles AA was chosen for full-scope review as it contains an overwhelming majority of the bank's small business and multi-family lending activities for the bank overall, and for the state. The Visalia-Porterville-Hanford AA was chosen for full-scope review as it contains a significant majority of the bank's consumer automobile lending activities for the state. For the State of Washington, a full scope review was conducted for the Seattle AA. For the State of Oregon, a full scope review was conducted for the Portland AA.

While the number of loans originated in 2016, 2017, and 2018 is emphasized, \$177 million (90.2 percent), \$8 million (4.1 percent), and \$11.3 million (5.7 percent) of the total dollar amount of BSB's multifamily loans were originated in California, Oregon, and Washington States, respectively.

For small business loans, \$56 million (50.2 percent), \$48.8 million (43.7 percent), and \$6.8 million (6.1 percent) of the total dollar amount were originated in California, Oregon, and Washington States, respectively.

For consumer loans, \$78 million (99.5 percent), \$239,000(0.3 percent), and \$172,000(0.2 percent) of the total dollar amount were originated in California, Oregon, and Washington States, respectively.

Breakdown of Loans, Deposits, and Branches by State										
State	Multi-family Loans		Small Business Loans		Consumer Loans		Deposits		Branches	
	#	%	#	%			\$(000s)	%	#	%
California	114	83.2	649	71.8	6,064	100.0	547,211	67.2	10	58.8
Oregon	15	11.0	235	26.0	12	0.0	222,628	27.3	6	35.3
Washington	8	5.8	20	2.2	8	0.0	44,935	5.5	1	5.9
Total	137	100.0	904	100.0	6,084	100.0	814,774	100.0	17	100.0

Source: 2016, 2017, 2018 HMDA LARs and bank data; FDIC Summary of Deposits (06/30/17)

The 2018 HMDA data is presented only to show multi-family lending total for the review period and it is not analyzed or presented in the conclusion section of the Performance Evaluation.

During the prior evaluation, the bank operated in three States (Washington, Oregon, and California) and conducted its operations primarily within its AAs of surrounding Seattle, WA (Seattle AA); Portland, OR (Portland AA); the San Francisco Bay Area (Oakland AA); Sacramento County, California (Sacramento AA); and Sonoma County, California (Santa Rosa AA). The states remain the same and designated AAs were expanded/combined following acquisitions with two financial institutions. The State of California AAs are now substantially different than at the previous evaluation. The bank added the Los Angeles, Visalia-Porterville-Hanford, Bakersfield, Fresno-Madera, and Modesto-Merced AAs following an acquisition of a financial institution in 2016. In addition, the Oakland AA was combined with the Santa Rosa AA to form the Bay Area AA. The Portland AA differs from the Portland AA reviewed at the previous evaluation as the bank added Washington County at this evaluation.

Examiners relied upon records provided by the bank; publicly available loan and financial information; demographic and economic information from various government and private agencies such as the 2010 U.S. Census Bureau, 2015 American Community Survey (ACS) data, D&B, and other information gathered as part of the examination process, including community contacts. The terms used in this evaluation are defined in the Glossary of this document.

Loan Products Reviewed

Examiners determined that the bank's primary product lines are small business, multi-family, and consumer loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period.

Specific loan products emphasized within the bank's AAs vary, as product offerings have evolved, primarily following acquisitions. In addition, it is noted that not all products have been fully integrated in all AAs. This is primarily due to the length of time it takes to establish internal structures necessary to become familiar with, and gain expertise needed to roll-out newer loan products. Refer to the discussions in separate AAs in this evaluation.

Consumer lending comprises the largest portion of the loan portfolio when broken down by number of originations, while multi-family lending has the largest dollar volume. Small business has the second highest number of originations and the least amount of dollar volume. However,

the bank's record of originating small business loans contributed more weight to the overall conclusions due to the bank's small business lending focus, followed by multi-family, and consumer loans. BSB participated in small business loans through a Community Development Financial Institution (CDFI) Opportunity Fund and those loans provided material support for conclusions and ratings and are therefore included and presented in the small business lending. No other loan types, such as agricultural and construction and land development loans, represent a major product line; therefore, they provided no material support for conclusions or ratings and are not presented.

BSB's loan portfolio has grown significantly since the previous evaluation. Multi-family lending increased by \$181.7 million, a 222.5 percent increase over prior multi-family loans; commercial real estate increased by \$117 million, a 106 percent increase over prior commercial real estate loans; commercial and industrial loans increased by \$39.6 million, a 39.8 percent increase over prior commercial and industrial loans; and, consumer increased by \$75.5 million, a 1,281 percent increase over prior consumer loans.

The following table illustrates the bank's originations in 2017 and 2018.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	2,353	0.5	23	0.3
Secured by Farmland	0	0.0	0	0.0
Secured by 1-4 Family Residential Properties	11,811	2.7	70	0.8
Multi-Family (5 or more) Residential Properties	224,805	51.2	171	2.0
Commercial Real Estate Loans	62,555	14.3	124	1.5
Commercial and Industrial Loans	39,317	9.0	368	4.4
Agricultural Loans	0	0.0	0	0.0
Consumer Loans	82,420	18.8	7,625	90.9
Other Loans	15,702	3.6	11	0.1
Total Loans	438,963	100.0	8,392	100.0
<i>Source: Bank Records 01/01/17 through 12/31/18. Percentages may not add up to 100 percent due to rounding The 2018 HMDA data is presented only to show multi-family lending total for the review period and it is not analyzed or presented in the conclusion section of the PE.</i>				

Bank records indicated that the lending focus and product mix changed since the previous evaluation period, due to the bank's shift into multi-family and consumer lending which came with the acquisitions of Finance and Thrift and Pan American Bank. This evaluation considered all small business and consumer motor vehicle loans originated in 2016, 2017, and 2018 and multi-family loans originated in 2016 and 2017. As previously mentioned, multi-family lending constitutes the largest percentage of the lending activity; however, it is not the bank's primary lending product.

The bank originated or renewed 398 small business loans totaling \$50.8 million in 2017, and 542 small business loans totaling \$53.1 million in 2018. Additionally, the bank originated or

renewed 2,637 consumer loans totaling \$32.9 million in 2017, and 2,146 consumer loans totaling \$25.9 million in 2018.

BSB collects but does not report small business and consumer lending data. Examiners validated the accuracy of the collected data; therefore, the universe of small business originated in 2017 and YTD 2018 were used for the evaluation. Examiners also validated the accuracy of collected consumer data, with the exception of income. Therefore, the universe of consumer loans originated in 2017 and 2018 was used for the geographic distribution analysis, while samples consisting of 67 loans totaling \$854,000 in 2017 and 67 loans totaling \$958,000 in 2018 were reviewed for the Borrower Profile analysis. In addition, this evaluation considered all multi-family loans reported on the bank's 2017 HMDA LARs. The bank originated or renewed 48 multi-family loans totaling \$67.4 million in 2017. As mentioned earlier, due to changes in HMDA and lack of relevant demographic and aggregate lending data, examiners did not analyze the 2018 multi-family data.

DESCRIPTION OF INSTITUTION

Background

BSB is a full-service, commercial bank headquartered in Oakland, California with \$1.0 billion in total assets as of December 31, 2018. BSB operates in California, Oregon, and Washington. The institution received a Satisfactory rating at its previous FDIC Performance Evaluation, dated June 6, 2016, based on Interagency Intermediate Small Institution Examination Procedures.

BSB is a wholly-owned subsidiary of Beneficial State Bancorp, Inc., a one-bank holding company. Beneficial State Bancorp Inc. is a certified CDFI commercial bank holding company whose mission is to build prosperity in its communities through beneficial banking services delivered in an economically and environmentally sustainable manner.

The bank's CRA Public File describes the financial institution as "a CDFI with a mission to help build prosperous and sustainable communities through banking. With a truly unique ownership structure, any profits distributed flow into the Beneficial State Foundation, a public charity mandated by our bylaws to invest in low-income communities and the natural environment. These products and services are designed to serve the needs of the communities in which we operate."

CDFIs are specialized financial institutions that provide financial products and services to populations and businesses located in underserved markets. These institutions have CD missions and a reputation for lending responsibly in low-income communities. The CDFI designation requires certification from the United States Treasury Department every three years. CDFIs include banks and bank holding companies, as well as credit unions, loan funds, and venture capital funds. CDFIs are structured to serve geographical areas that may be wider than a non-CDFI community bank's AA. In many cases, the best way for CDFIs to make credit available to low-income borrowers and communities is through a statewide or regional organization that can generate a sustainable amount of business by serving a wide territory.

Two acquisitions have occurred since the previous evaluation. In June 2016, BSB completed a merger with Pan American Bank (PAB), chartered in Los Angeles, California. PAB was rated "Satisfactory" by the FDIC in their June 2013 CRA Performance Evaluation. PAB had seven branches located in Los Angeles, Bakersfield, Visalia, Porterville, Fresno, and Modesto. The PAB merger did not take in transaction deposits, only savings and time deposit accounts. In February 2018, BSB merged with Albina Community Bank (ACB), an affiliated financial institution chartered in Portland, Oregon. ACB was an affiliate of BSB at the previous evaluation. This merger added five bank offices in Portland, Oregon, in addition to the existing branch office bringing the branch office total to six serving this market.

Both of the mergers brought with it a changed footprint for BSB, adding new products and markets. The PAB merger brought with it the former Finance & Thrift (F&T) consumer auto

lending business, and new AAs in southern and central California. Previously, BSB did not have branches in these areas and had a low volume of consumer lending. Since the previous evaluation, BSB's consumer lending increased by \$75.5 million, a 1,281 percent increase over prior Consumer loans. ACB had a large retail base, while BSB has historically had a large commercial and a small retail base.

Operations

BSB offers a variety of deposit products including checking, savings, and time deposit accounts. BSB also offers loan products including commercial, residential real estate multi-family, and consumer loans, primarily focusing on commercial lending. The bank operates from 17 locations across 12 MSAs in Central and Northern California, one MSA in Portland, Oregon, and one MSA in Seattle, Washington. The main office is located in Oakland, California, and California branch locations include: Bakersfield, East Los Angeles, Fresno, Modesto, North Hollywood, Porterville, Sacramento, Santa Rosa, and Visalia. The bank also has six branches in Portland, Oregon and one branch in Seattle, Washington. The bank offers a host of virtual banking solutions and has a loan production office in Santa Rosa, California.

The bank operates six deposit-taking automated teller machines (ATMs) that are located at five branches in Portland, Oregon and the Seattle, Washington branch. In addition, the bank has deposit-taking ATMs at a non-bank location located in Portland and a loan production office in Santa Rosa, CA. There are no ATMs located at the bank's other California branch locations.

The bank relocated a branch office, located in a moderate-income CT; it was relocated to a tract approximately five miles away to an upper-income CT. The bank has not closed any branch offices since the previous evaluation.

During the evaluation period, BSB had considerable changes to its branch structure due to acquisitions. BSB acquired seven branches when it merged with PAB in June 2016. In addition, BSB acquired five branches when it merged with ACB in February 2018. These branch additions will be included in the evaluation since they occurred early in the evaluation period. The net effect of the acquired branches to the bank is now operating in California's Central Valley, including areas that have some of the state's highest unemployment and poverty rates.

Ability and Capacity

As of December 31, 2018, BSB reported total assets of \$1 billion, total deposits of \$806 million, and total loans of \$755 million. Total assets increased approximately 107.3 percent since the last evaluation in June 2016. Total loans increased 103.9 percent during the same period and total deposits rose by 118.4 percent. The bank is an active participant in the Opportunity Fund's Trucking Program. Opportunity Fund Northern California is a certified nonprofit CDFI offering financing programs to upgrade diesel trucks and buses operating in California. Since June 6, 2016, BSB participated in 884 of these loans totaling approximately \$41.2 million.

As previously mentioned, BSB's loan portfolio is distributed between commercial, multi-family, and consumer loans, with commercial lending comprising the largest portion by dollar amount

and percentage (46.1 percent). Construction and farm lending comprise just 3.0 percent of the bank's portfolio, combined. The bank does not have any financial or legal impediments that would limit its ability to meet AA credit needs. The table below indicates the bank's loan portfolio distribution.

Loan Distribution as of December 31, 2018		
Loan Type	Dollar Amount (000s)	Percent of Total Loans
Construction and Land Development	22,090	2.9
Secured by Farmland	215	0.0
1-4 Family Residential	49,757	6.6
Multi-Family (5 or more) Residential	247,041	32.7
Commercial Real Estate	216,784	28.7
Total Real Estate Loans	535,887	71.0
Commercial and Industrial	131,702	17.4
Agricultural	0	0.0
Consumer	83,412	11.1
Other Loans	4,055	0.5
Gross Loans	755,056	100.0
<i>Source: December 31, 2018 Call Report. Percentages may not add up to 100 percent due to rounding</i>		

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. BSB's designated AAs have undergone several changes during the review period, and are delineated throughout Southern, Central, and Northern California, and in Portland, Oregon and Seattle, Washington. The bank delineated the following AAs since the previous evaluation as a result of the aforementioned acquisition and branching activity.

The Bank wide AA (BWAA) consists of separate AAs in each state in which the bank has branches. The California AAs are described below.

- Los Angeles AA: Includes the entirety of the Los Angeles-Long Beach-Glendale, California MD #31084 (Los Angeles County). This is a new AA since the previous evaluation; established in 2016.
- Visalia-Porterville-Hanford AA: Includes the entirety of the Visalia-Porterville-Hanford, California CSA #546, including Tulare County which wholly-represents the Visalia-Porterville, California MSA #47300, and Kings County which wholly-represents the Hanford-Corcoran MSA #25260. This is a new AA since the previous evaluation; established in 2016.
- Bay Area AA: Includes the entirety of the Oakland-Hayward-Berkeley, California MD #36084, including Alameda, Contra Costa, San Francisco, and San Mateo Counties. The AA also includes the entire county of Sonoma which wholly-represents the Santa Rosa, California MSA #42220. Both these areas represent a portion of the San Jose-San Francisco-Oakland, California CSA #488. This AA has been in place since the previous evaluation except that the Santa Rosa AA was not included in the last evaluation due to the AA being new at the time.
- Bakersfield AA: Includes the entirety of Kern County which wholly-represents the Bakersfield, CA MSA #12540. This is a new AA since the previous evaluation; established in 2016.
- Fresno-Madera AA: Includes the entirety of the Fresno-Madera, California CSA #260, including the entirety of the Fresno, California MSA #23420 (Fresno County) and the entirety of the Madera, California MSA #31460 (Madera County). This is a new AA since the previous evaluation; established in 2016.
- Modesto-Merced AA: Includes the entirety of the Modesto-Merced, California CSA #382, including the entirety of the Modesto, California MSA #33700 (Stanislaus County) and the entirety of the Merced, California MSA #32900 (Merced County). This is a new AA since the previous evaluation; established in 2016.

- Sacramento AA: Includes the entirety of Sacramento County in the Sacramento-Roseville-Arden-Arcade, California MSA #40900. This AA has been in place since the previous evaluation.

The Oregon AA is described below.

- Portland AA: Includes a portion of the Portland-Vancouver-Hillsboro, Oregon MSA #38900, including the entireties of Clackamas, Multnomah, and Washington Counties. This area represents three of the seven counties in the MSA. This AA was expanded to include Washington County since the previous evaluation.

The Washington AA is described below.

- Seattle AA: Includes the entirety of the Seattle-Bellevue-Everett, Washington MD #42644, including King and Snohomish Counties. This AA has been in place since the previous evaluation.

All of the aforementioned AAs represent the BWAA for purposes of this evaluation. The BWAA conforms to the requirements of the CRA regulation and does not arbitrarily exclude LMI geographies or individuals. The following sections discuss demographic and economic information for the AAs.

Economic and Demographic Data

The BWAA includes 5,210 census tracts. These tracts reflect the following income designations according to the 2015 ACS data:

- 456 low-income CTs,
- 1,391 moderate-income CTs,
- 1,571 middle-income CTs,
- 1,708 upper-income CTs, and
- 84 CTs with no income designation.

Demographic Information of the Assessment Area						
Assessment Area: BWAA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5,210	8.8	26.7	30.2	32.8	1.6
Population by Geography	24,148,273	8.1	26.9	31.8	32.6	0.6
Housing Units by Geography	8,881,927	7.6	24.9	31.6	35.5	0.4
Owner-Occupied Units by Geography	4,335,235	3.1	18.4	34.0	44.4	0.1
Occupied Rental Units by Geography	3,976,973	12.3	31.9	29.1	26.0	0.7
Vacant Units by Geography	569,719	9.6	25.3	30.6	33.8	0.7
Businesses by Geography	1,696,267	6.4	20.0	27.9	43.9	1.8
Farms by Geography	35,538	3.3	19.2	36.9	40.2	0.5
Family Distribution by Income Level	5,483,487	23.9	16.6	17.9	41.6	0.0
Household Distribution by Income Level	8,312,208	25.5	15.6	16.5	42.4	0.0
Median Family Income MSA - 12540 Bakersfield, CA MSA		\$52,649	Median Housing Value			\$434,083
Median Family Income MSA - 23420 Fresno, CA MSA		\$49,999	Median Gross Rent			\$1,252
Median Family Income MSA - 25260 Hanford-Corcoran, CA MSA		\$49,735	Families Below Poverty Level			12.5%
Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA MD		\$62,703				
Median Family Income MSA - 31460 Madera, CA MSA		\$49,272				
Median Family Income MSA - 32900 Merced, CA MSA		\$46,793				
Median Family Income MSA - 33700 Modesto, CA MSA		\$55,611				
Median Family Income MSA - 36084 Oakland-Hayward-Berkeley, CA MD		\$93,822				
Median Family Income MSA - 38900 Portland-Vancouver-Hillsboro, OR-WA MSA		\$73,089				
Median Family Income MSA - 40900 Sacramento--Roseville--Arden-Arcade, CA MSA		\$71,829				
Median Family Income MSA - 41884 San Francisco-Redwood City-South San Francisco, CA		\$103,742				
Median Family Income MSA - 42220 Santa Rosa, CA MSA		\$77,587				
Median Family Income MSA - 42644 Seattle-Bellevue-Everett, WA MD		\$92,317				
Median Family Income MSA - 47300 Visalia-Porterville, CA MSA		\$44,814				
Source: 2015 ACS Census and 2017 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 the 2017 D&B data, there were 1,696,267 businesses. Gross Annual Revenues (GARs) for these businesses are below.

- 86.3 percent have \$1 million or less;
- 5.7 percent have more than \$1 million; and
- 8.0 percent have unknown revenues.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. The service industry captures the most businesses in the BWAA with 47.52 percent; with some of the other largest businesses being retail trade at 13.09 percent; non-classifiable establishments at 9.36 percent; and finance, insurance, and real estate at 8.72 percent.

Median housing values are somewhat high relative to median income levels in the BWAA. Additionally, at 12.5 percent of total families, the portion of families with incomes below the poverty level is relatively high.

In reviewing a bank's CRA performance in each of its individual AAs, certain prescribed income figures are used to determine the income levels of the CTs and the bank's borrowers within that AA. For the various income figures used, and for additional demographic, economic, competitive, community contact, and CD needs and opportunities for each AA, including the bank's specific operations in each area, refer to the corresponding sections for each AA in this evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA IN BWAA

LENDING TEST

BSB demonstrates satisfactory performance under the Lending Test. Geographic Distribution and Borrower Profile performance in the State of California provided primary support for this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and AA credit needs. The LTD ratio, calculated from Call Report data, averaged 89.8 percent over the past 11 calendar quarters from June 30, 2016, to December 31, 2018. The ratio ranged from a low of 83.3 percent as of March 31, 2017, to a high of 95.3 percent as of June 30, 2016.

The bank's average LTD ratio exceeds the average LTD ratios of two comparable institutions, as outlined in the following table. The lending performance of comparable institutions serves as an additional method of assessing the adequacy of the bank's average LTD ratio. Examiners selected the comparable institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2018 \$(000s)	Average LTD Ratio (%)
beneficial state bank	1,010,603	89.8
Comparable Institution 1	2,520,891	79.6
Comparable Institution 2	622,287	82.2
Source: Call Report data		

Assessment Area Concentration

BSB originated a majority of the small business, multi-family, and consumer loans, by number and dollar volume within the institution's AAs. Overall, the bank's performance reflects a commitment to meeting the credit needs of the AAs. The following table summarizes the bank's record of lending inside and outside of the AAs and includes lending from each of the bank's AAs.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Multi-family										
2016	24	58.5	17	41.5	41	32,148	59.9	21,484	40.1	53,632
2017	61	82.4	13	17.6	74	84,119	76.5	25,819	23.5	109,938
Subtotal	85	73.9	30	26.1	115	116,267	71.1	47,303	28.9	163,570
Small Business										
2017	398	76.7	121	23.3	519	50,850	79.1	13,476	21.0	64,326
YTD 2018	315	64.8	171	35.2	486	36,088	75.4	11,770	24.6	47,858
Subtotal	713	70.9	292	29.1	1,005	86,938	77.5	25,246	22.5	112,184
Consumer										
2017	2,637	88.4	345	11.6	2,982	32,924	88.1	4,444	11.9	37,368
YTD 2018	2,374	77.3	699	22.7	3,073	32,557	75.8	10,367	24.2	42,924
Subtotal	5,011	82.8	1,044	17.2	6,055	65,481	81.6	14,811	18.4	80,292
Total	5,809	81.0	1,366	19.0	7,175	268,686	75.5	87,360	24.5	356,046
Source: Evaluation Period: 1/1/2016 to 12/31/2017 (HMDA) and 1/1/2017 – YTD 2018 (Consumer and Small Business Loans) Bank Data Due to rounding, totals may not equal 100.0										

Geographic Distribution

The geographic distribution of loans reflects reasonable penetration throughout the BWAA. Given the bank's primary lending focus, more weight is placed on small business lending performance, followed by multi-family lending, and consumer lending. The bank's reasonable performance in California was the most heavily weighted and supports the conclusion.

Examiners focused on the percentage by number of loans in LMI CTs. No conspicuous lending gaps were noted in the geographic distribution of loans. Refer to discussions of performance within the individual AAs for additional information.

Small Business Loans:

The bank's geographic distribution of small business loans reflects reasonable penetration throughout the BWAA. Examiners compared the bank's performance to the demographic percentage of small businesses in each CT category. The bank's reasonable performance in the State of California support this conclusion. Please refer to the full-scope AA evaluations for additional details.

Multi-Family Loans:

The bank's geographic distribution of multi-family loans reflects reasonable penetration throughout the BWAA. Examiners compared the bank's multi-family lending to the percentage of multi-family units within each CT category and aggregate data. The bank's performance in the State of California supports this conclusion. Please refer to the full-scope AA evaluations for additional details.

Consumer Loans:

The bank's geographic distribution of consumer loans reflects reasonable penetration throughout the BWAA. Examiners compared the bank's consumer lending to the percentage of households within each CT category. The bank's performance in the State of California supports this conclusion. Please refer to the full-scope AA evaluations for additional details.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, reasonable penetration among retail customers of different income levels and businesses of different revenue sizes in the BWAA.

The bank's performance for small business and consumer lending supports this conclusion. Examiners focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less. Multi-family loans are not presented since income information is not collected or reported for these loans.

Small Business Loans:

The distribution of borrowers reflects excellent penetration among business customers of different revenue size in the BWAA. Examiners focused on the comparison to demographic data. The bank's excellent performance in the Los Angeles AA supports this conclusion. Please refer to the full-scope AA evaluations for additional details.

Consumer Loans:

The distribution of consumer loan borrowers reflects, given the demographics of the BWAA, reasonable penetration among individuals of different income levels. Consumer loans were only reviewed in the State of California. Examiners focused on the comparison to demographic data. The bank's performance in the State of California supports this conclusion. Please refer to the full-scope AA evaluations for additional details.

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

BSB's CD performance demonstrates excellent responsiveness to CD needs in its AAs through CD loans, qualified investments, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the institution's AAs. The bank's excellent CD performance in the states of California and Oregon supports this conclusion. Please refer to the full-scope AA evaluations for additional details.

Community Development Loans

The bank originated 133 CD loans totaling approximately \$176.7 million during the review period. As of December 31, 2018, this total represents 21.9 percent of average total assets, and 29.6 percent of average total loans. While this represents performance on a bank-wide basis, a substantial majority of the bank's CD lending efforts benefitted the Bay Area AA in California, followed by the Portland AA in Oregon.

The following table illustrates the bank's CD lending activity by year and by CD purpose. Refer to discussions of performance within the respective state and AA full scope analysis for additional information and notable examples.

Community Development Lending in BWAA by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Partial 2016	15	23,968	4	445	6	1,328	--	--	25	25,741
2017	45	66,105	4	350	10	12,744	--	--	59	79,199
2018	35	52,452	9	9,203	5	10,063	--	--	49	71,718
Total	95	142,525	17	9,998	21	24,135	0	0	133	176,658
<i>Source: Bank Records</i>										

Qualified Investments/Donations

BSB made or held 265 qualified investments and CD donations totaling approximately \$11.5 million. This total includes 4 qualified equity investments of approximately \$11.0 million and 261 donations totaling \$487,750. The total dollar amount of qualified investments and donations equates to 1.5 percent of average total assets and 1.8 percent of average securities since the previous evaluation.

Of the total dollar amount, 96.7 percent benefited efforts to provide affordable housing to LMI individuals in the bank's AAs. The following table illustrates the bank's qualified investments and CD donations by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	7,500	--	--	--	--	--	--	2	7,500
2016	0	--	--	--	--	--	--	--	0	0
2017	1	2,500	--	--	--	--	--	--	1	2,500
2018	1	1,000	--	--	--	--	--	--	1	1,000
Subtotal	4	11,000	--	--	--	--	--	--	4	11,000
Qualified Grants & Donations	57	111	146	257	54	102	4	18	261	488
Total	61	11,111	146	257	54	102	4	18	265	11,488

Source: Bank Records

Since the previous evaluation, the bank held a \$5.0 million loan pool commitment with the California Community Reinvestment Corporation (CCRC), a multi-bank lending consortium that provides financing to facilitate the development of affordable housing throughout the State of California. The CCRC focuses on providing affordable housing for individuals and families earning 60 percent or less of the area median income by working with for-profit and non-profit developers to acquire, rehabilitate, and increase the supply of affordable housing. In 2017, the bank increased its revolving commitment by \$2.5 million, for a total of \$7.5 million, which provides the bank with a pro-rata share of the total loan pool. As of November 2018, the bank is 1 of 50 participating lenders and maintains a pro-rata share of 2.1 percent of the total \$355.6 million CCRC loan pool.

The bank also held a \$2.5 million loan pool commitment with Washington Community Reinvestment Association (WCRA) since the previous evaluation, to provide permanent financing of multi-family affordable housing throughout the State of Washington. The WCRA also focuses on providing affordable housing for individuals and families earning 60 percent or less of the area median family income. As of January 2019, the bank is 1 of 33 participating lenders, and maintains a pro-rata share of 2.9 percent of the total \$85.6 million WCRA loan pool.

Below are notable examples of the bank's qualified investment and donation activities:

- In 2018, the bank made an equity investment of \$1.0 million to a fund that primarily invests in debt instruments that support affordable housing. The fund holds investments benefiting California statewide, including the bank's AAs.
- In 2017, the bank donated \$30,000 to a workforce development program focused on providing job training and placement for low-income and homeless youth in the Bay Area CSA. The program has helped 190 youth attain employment. Of the youth who participate in the program, 98.0 percent have passed high school equivalence examinations.
- In 2017, the bank donated \$25,000 to a resource center that focuses on providing community services to low-income individuals of the Bay Area CSA. The center provided community services to 2,500 low-income individuals annually.

Community Development Services

In 2016, 2017, and 2018, bank employees provided 444 instances, or 3,878 hours, of financial expertise or technical assistance to multiple CD-related organizations within its AAs. Refer to discussions of performance within the individual AAs for additional information and notable examples. The following table illustrates the bank's CD service activity by AA and purpose, and includes the number of hours.

Table 8 – Community Development Services in BWAA by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Partial 2016	--	180	32	--	212
2017	107	904	771	--	1,782
2018	68	1,089	727	--	1,884
Total	175	2,173	1,530	0	3,878

Table 9 – Community Development Services Bank-wide by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Bakersfield AA	--	6	--	--	6
Bay Area CSA	71	590	270	--	931
Fresno-Madera CSA	--	45	4	--	49
Los Angeles AA	--	282	168	--	450
Modesto-Merced CSA	--	13	--	--	13
Sacramento AA	--	--	9	--	9
Visalia-Porterville-Hanford CSA	--	467	41	--	508
California Statewide Activities	--	22	13	--	35
Oregon Statewide Activities	--	605	939	--	1,544
Washington Statewide Activities	104	143	86	--	333
Regional Activities	--	--	--	--	--
Total	175	2,173	1,530	0	3,878

Source: Bank Records.

Retail Banking Services:

BSB operates one branch (Oakland) in a low income CT. Five branches (Fresno, Porterville, East Los Angeles, and two branches in Portland) are located in moderate-income CTs. Finally, the bank operates six deposit-taking ATMs that are located at five branches in Portland, Oregon and the Seattle, Washington branch. One of these is located in a moderate-income CT. In addition, the bank has a deposit-taking ATM at a non-bank location in a moderate income CT. Finally, one deposit-taking ATM is located at a loan production office in a moderate-income CT in Santa Rosa, CA. These branches and ATMs demonstrate the availability of banking services to LMI individuals. The bank also offers a wide variety of retail deposit services that enhance the availability of credit and deposit products for consumers of different income levels and commercial customers of different revenue sizes. These products include low-cost deposit accounts and the following loan programs available in all AAs.

- **SBA 7A Guaranteed Loan Program:** A flexible loan program to expand or acquire a small business, where a portion of the loan is guaranteed by the Small Business Administration (SBA).

- SBA 504 Guaranteed Loan Program: A flexible loan program providing long-term, fixed-rate financing for major fixed assets such as land and buildings, where a portion is SBA-guaranteed.
- United States Department of Agriculture (USDA) Business & Industry (B&I) Guaranteed Loan Program: The bank's USDA B&I loans offers fixed or variable rate financing up to \$10 million, with terms up to 30 years. The fixed rate and longer term is particularly responsive to small businesses that often have a need for fixed payments over a longer period. The program is available to businesses in underserved rural areas that might not qualify for a conventional loan.
- Business Builder Loan: The Business Builder loan offers smaller dollar loans with five-year terms for working capital, purchase of machinery/equipment, or tenant improvements from \$10,000 to \$150,000. The availability of smaller dollar loans with a longer term is particularly responsive to small businesses that often have a need for such products. The program is available to businesses in each of the AAs.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Discriminatory credit practices inconsistent with helping to meet community credit needs were identified at the January 22, 2019, Compliance Examination.

While the violations were substantive in nature and resulted in a referral to the Department of Justice, a downgrade of the CRA Rating was not warranted primarily due to the following reasons: 1) The violations impacted a very minimal number of consumers, 2) the violations occurred only for a limited period of time, and 3) BSB ceased the unintentional discriminatory practices immediately upon discovery, and the Board and senior management implemented corrective actions during the examination process and committed to enhance its compliance management system to prevent recurrence of discriminatory or other illegal credit practices.

STATE OF CALIFORNIA

CRA RATING FOR CALIFORNIA: Outstanding

The Lending Test is rated Satisfactory

The Community Development Test is rated Outstanding

SCOPE OF EVALUATION

The rating for the State of California is primarily based on a full-scope evaluation of the bank's performance in the Los Angeles and Visalia-Porterville-Hanford AAs. In addition to receiving the most weight for the state rating, BSB's performance in these AAs received the most weight for determining the bank's overall CRA Rating. Limited-scope procedures were performed for the Bakersfield, Bay Area, Fresno-Madera, Modesto-Merced, and Sacramento AAs. Detailed information relating to the lending activities and retail operations were discussed earlier under the Scope of Evaluation and Description of Institution sections. Given the bank's small business lending focus, compared to multi-family and consumer lending, examiners placed more weight on small business lending in the State of California AA during this evaluation period, which is consistent with the previous evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CALIFORNIA

A majority of the bank's branches, deposits and lending activities, CD services and investments are in the State of California.

- 58.8 percent of the bank's branches;
- 67.2 percent of the bank's deposits;
- 77.0 percent of the bank's multi-family loans;
- 67.5 percent of the bank's small business loans;
- 99.6 percent of the bank's consumer loans;
- 69.9 percent of the bank's CD loans by dollar;
- 76.7 percent of the bank's CD investments and donations by dollar; and
- 51.6 percent of the bank's CD services by hours.

The following table summarizes pertinent demographic information for the AAs of the state.

Demographic Information of the Assessment Area						
Assessment Area: California						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	4,305	9.7	27.5	27.8	33.2	1.8
Population by Geography	19,637,001	8.9	27.6	29.6	33.1	0.7
Housing Units by Geography	7,007,807	8.5	25.4	29.0	36.6	0.5
Owner-Occupied Units by Geography	3,287,968	3.4	18.4	30.9	47.2	0.1
Occupied Rental Units by Geography	3,261,477	13.4	32.4	27.3	26.2	0.8
Vacant Units by Geography	458,362	10.7	25.4	28.1	35.0	0.8
Businesses by Geography	1,325,943	6.9	20.1	25.4	45.8	1.8
Farms by Geography	26,677	3.4	20.3	33.4	42.4	0.5
Family Distribution by Income Level	4,394,850	24.5	16.4	17.3	41.8	0.0
Household Distribution by Income Level	6,549,445	25.8	15.5	16.2	42.5	0.0
Median Family Income MSA - 12540 Bakersfield, CA MSA		\$52,649	Median Housing Value			\$456,228
Median Family Income MSA - 23420 Fresno, CA MSA		\$49,999	Median Gross Rent			\$1,274
Median Family Income MSA - 25260 Hanford-Corcoran, CA MSA		\$49,735	Families Below Poverty Level			13.6%
Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA MD		\$62,703				
Median Family Income MSA - 31460 Madera, CA MSA		\$49,272				
Median Family Income MSA - 32900 Merced, CA MSA		\$46,793				
Median Family Income MSA - 33700 Modesto, CA MSA		\$55,611				
Median Family Income MSA - 36084 Oakland-Hayward-Berkeley, CA MD		\$93,822				
Median Family Income MSA - 40900 Sacramento--Roseville--Arden-Arcade, CA MSA		\$71,829				
Median Family Income MSA - 41884 San Francisco-Redwood City-South San Francisco, CA		\$103,742				
Median Family Income MSA - 42220 Santa Rosa, CA MSA		\$77,587				
Median Family Income MSA - 47300 Visalia-Porterville, CA MSA		\$44,814				
Source: 2015 ACS Census and 2017 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 the 2015 ACS, the state contains 4,305 census tracts. Income designations are as follows: 9.7 percent are low-income, 27.5 percent are moderate-income, 27.8 percent are middle-income, 33.2 percent are upper-income, and 1.8 percent have no income designation.

The bank's AAs in this state contain 4.4 million families. Of these families, 24.5 percent are low-income, 16.4 percent are moderate-income, 17.3 percent are middle-income, and 41.8 percent are upper-income. According to the 2017 D&B Data, there are 1.3 million businesses in the state, of which 86.2 percent have GARs of \$1 million or less, 5.9 percent have GARs greater than \$1 million, and the remaining 7.9 percent did not report revenues. See full-scope AAs for additional information on market share data for deposits, branches, small business loans, and multi-family loans.

CONCLUSIONS ON PERFORMANCE CRITERIA IN CALIFORNIA

BSB's overall performance in California is rated "Outstanding", based primarily on its overall CD performance throughout the state and notable activity in the Bay Area AA. Detailed analyses are provided for each AA in the applicable sections.

LENDING TEST

The Lending Test performance is satisfactory overall, taking into consideration the performance in the Los Angeles AA for all three types of loan products and the Visalia-Porterville AA for consumer lending. This level of performance is consistent with the bank-wide performance. The following sections address the bank's performance by Lending Test component throughout the state.

Geographic Distribution

BSB's geographic distribution of loans reflects reasonable dispersion of lending throughout the AAs. The bank's multi-family, small business, and consumer lending performance in the Los Angeles; and the bank's consumer lending performance in the Visalia-Porterville AA supports this conclusion. See the full-scope evaluations of the Los Angeles and Visalia-Porterville-Hanford AAs for tables and further analysis on the bank's performance. Limited-scope evaluations of the Bakersfield, Bay Area, Fresno-Madera, Modesto-Merced, and Sacramento AAs also provide support for an overall reasonable performance and detail capturing the bank's performance in these areas.

Borrower Profile

BSB's distribution of borrowers, given the product lines offered by the institution, reflects excellent penetration among businesses of different revenue sizes and, to the extent applicable, individuals of different income levels. The bank's performance in small business lending in the Los Angeles AA supports this conclusion. Examiners focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less. They also focused on the percentage by number of consumer loans to LMI borrowers in the AAs.

COMMUNITY DEVELOPMENT TEST

BSB's performance demonstrated excellent responsiveness to CD needs in its California AAs, through qualified loans, investments, and services considering the institution's capacity, and the need and availability of such opportunities.

Community Development Loans

BSB originated or renewed 95 CD loans totaling \$123.4 million, up considerably from \$16.4 million at the previous evaluation. This represents 69.9 percent of the CD loans by dollar volume of the bank. The following table presents the bank's CD loan activity in the state during the evaluation period.

Community Development Lending in California by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Partial 2016	12	18,608	4	445	5	1,228	--	--	21	20,281
2017	28	38,176	2	250	7	10,151	--	--	37	48,577
2018	27	39,698	6	4,905	4	9,963	--	--	37	54,566
Total	67	96,482	12	5,600	16	21,342	0	0	95	123,424
Community Development Lending in California by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Bakersfield AA	1	1,200	--	--	--	--	--	--	1	1,200
Bay Area CSA	19	24,571	10	5,300	13	8,229	--	--	42	38,100
Fresno-Madera CSA	11	14,262	--	--	1	4,680	--	--	12	18,942
Los Angeles AA	25	30,524	--	--	--	--	--	--	25	30,524
Modesto-Merced CSA	1	2,180	--	--	--	--	--	--	1	2,180
Sacramento AA	6	21,152	2	300	--	--	--	--	8	21,452
Visalia-Porterville-Hanford AA	4	2,593	--	--	--	--	--	--	4	2,593
California Statewide	--	--	--	--	--	--	--	--	--	--
Regional Activities	--	--	--	--	2	8,433	--	--	2	8,433
Total	67	96,482	12	5,600	16	21,342	0	0	95	123,424
<i>Source: Bank Records</i>										

Qualified Investments/Donations

BSB made or held 155 qualified investments and CD donations totaling approximately \$8.8 million in California. This total includes 3 qualified equity investments of \$8.5 million and 152

CD donations totaling approximately \$337,000. The total dollar amount represents 76.9 percent of the total qualified investments and donations made or held bank wide.

Of the total dollar amount, 96.9 percent benefited efforts to provide affordable housing to LMI individuals in California. The following table illustrates the bank's qualified investments and CD donations by year and purpose.

Qualified Investments in California										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	5,000	--	--	--	--	--	--	1	5,000
2016	--	--	--	--	--	--	--	--	--	--
2017	1	2,500	--	--	--	--	--	--	1	2,500
2018	1	1,000	--	--	--	--	--	--	1	1,000
Subtotal	3	8,500	--	--	--	--	--	--	3	8,500
Qualified Grants & Donations	29	65	85	170	34	84	4	18	152	337
Total	32	8,565	85	170	34	84	4	18	155	8,837

Source: Bank Records

The qualified investments include three investments made or held since the previous evaluation that benefited a broader statewide area, including the bank's AAs. As the bank has been responsive to the CD needs of its AAs, examiners considered the qualified investments under the CD Test. The following table illustrates the bank's qualified investments and CD donations by the AAs in California and by purpose.

Community Development Qualified Investments and Donations in California by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Los Angeles AA	1	5	9	27	4	11	--	--	14	43
Visalia-Porterville-Hanford CSA	1	2	5	13	--	--	--	--	6	15
Bay Area CSA	25	55	58	106	23	65	3	15	109	241
Sacramento AA	1	1	8	7	4	4	--	--	13	12
Bakersfield AA	1	2	2	8	--	--	1	3	4	13
Fresno-Madera CSA	--	--	2	6	3	4	--	--	5	10
Modesto-Merced CSA	--	--	1	3	--	--	--	--	1	3
California Statewide	3	8,500	--	--	--	--	--	--	3	8,500
Regional Activities	--	--	--	--	--	--	--	--	--	--
Total	32	8,565	85	170	34	84	4	18	155	8,837

Source: Bank Records

Community Development Services

During the evaluation period, BSB officers and employees provided 346 instances of technical assistance or financial expertise totaling 2,001 hours of qualified CD services. The bulk of service hours were allocated to the Bay Area AA, where the bank has a majority of its presence. Examiners noted each AA received a direct benefit of the bank's service hours during the review period. The following table illustrates the bank's CD services by year and AA, showing both the number and hours of such services.

Community Development Services in California by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Partial 2016	--	152	21	--	173
2017	71	637	226	--	934
2018	--	636	258	--	894
Total	71	1,425	505	0	2,001
Community Development Services in California by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Bakersfield AA	--	6	--	--	6
Bay Area CSA	71	590	270	--	931
Fresno-Madera CSA	--	45	4	--	49
Los Angeles AA	--	282	168	--	450
Modesto-Merced CSA	--	13	--	--	13
Sacramento AA	--	--	9	--	9
Visalia-Porterville-Hanford CSA	--	467	41	--	508
California Statewide Activities	--	22	13	--	35
Regional Activities	--	--	--	--	--
Total	71	1,425	505	0	2,001
<i>Source: Bank Records.</i>					

METROPOLITAN AREAS RECEIVING FULL-SCOPE REVIEW

LOS ANGELES ASSESSMENT AREA

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE LOS ANGELES AA

The Los Angeles AA is comprised of the entirety of Los Angeles County, which is located in the Los Angeles-Long-Beach-Glendale, California MD #31084. Two of the bank's branches are located in this AA, which contains:

- 20.0 percent of the state's branches;
- 4.1 percent of the state's deposits;
- 57.4 percent of the state's multi-family loans;
- 65.3 percent of the state's small business loans;
- 5.4 percent of the state's consumer loans;
- 24.7 percent of the state's CD loans by dollar;
- 0.5 percent of the state's CD investments and donations by dollar; and
- 22.5 percent of the state's CD services by hours.

Economic and Demographic Data

The Los Angeles AA contains 2,345 census tracts of which 9.4 percent are low-, 28.7 percent are moderate-, 24.9 percent are middle-, 34.8 percent are upper-income, and 2.2 percent have no income designation. The following table provides demographic information for the AA.

Demographic Information of the Assessment Area						
Assessment Area: Los Angeles						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,345	9.4	28.7	24.9	34.8	2.2
Population by Geography	10,033,591	8.6	29.3	26.3	35.0	0.8
Housing Units by Geography	3,474,924	7.8	26.3	24.8	40.5	0.5
Owner-Occupied Units by Geography	1,498,340	2.4	17.2	26.6	53.7	0.1
Occupied Rental Units by Geography	1,763,000	12.2	34.2	23.6	29.2	0.9
Vacant Units by Geography	213,584	8.7	25.4	22.8	42.2	1.0
Businesses by Geography	716,782	4.7	19.1	21.7	52.0	2.5
Farms by Geography	7,154	2.6	16.9	25.6	53.9	1.1
Family Distribution by Income Level	2,185,161	24.5	16.3	16.7	42.4	0.0
Household Distribution by Income Level	3,261,340	25.9	15.4	15.8	43.0	0.0
Median Family Income MSA - 31084 Los Angeles-Long Beach- Glendale, CA MD		\$62,703	Median Housing Value			\$495,444
			Families Below Poverty Level			14.3%
			Median Gross Rent			\$1,292
Source: 2015 ACS Census and 2017 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 the 2017 D&B data, there were 717,558 businesses. GARs for these businesses are below.

- 87.2 percent have \$1 million or less;
- 5.9 percent have more than \$1 million; and
- 6.9 percent have unknown revenues.

The service industry captures the most businesses in the AA with 47.0 percent; with some of the other largest businesses being retail trade at 13.6 percent; non-classifiable establishments at 10.3 percent; and finance, insurance, and real estate at 8.9 percent.

The 2017 FFIEC-updated median family income levels are used to analyze consumer loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table for the Los Angeles AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Los Angeles-Long Beach-Glendale, CA MD Median Family Income (31084)				
2017 (\$64,300)	<\$32,150	\$32,150 to <\$51,440	\$51,440 to <\$77,160	≥\$77,160
2018 (\$69,300)	<\$34,650	\$34,650 to <\$55,440	\$55,440 to <\$83,160	≥\$83,160
<i>Source: FFIEC; Due to rounding, totals may not equal 100.0</i>				

As of 2017, there are 3,474,924 housing units in the AA. Of these, 43.1 percent are owner-occupied, 50.73 percent are occupied rental units, and 6.2 percent are vacant units. Of the total housing units in the AA, 34.2 percent are multi-family units.

The following table illustrates the unemployment rates as reported by the Bureau of Labor Statistics (BLS).

Unemployment Rates			
Assessment Area	2016	2017	December 2018
	%	%	%
Los Angeles AA			
Los Angeles-Long Beach-Glendale, CA MD	5.3	4.7	4.6
California	5.5	4.8	4.2
National Average	4.9	4.4	3.7
<i>Source: Bureau of Labor Statistics</i>			

As illustrated above, the Los Angeles AA has seen an improving trend in the unemployment rate over the review period; however, the MSA has had unemployment rates that are higher than the state and national average. The 2015 ACS data reveals that 14.3 percent of families in the Los Angeles AA have incomes below the poverty level. The percentage of families with incomes lower than the poverty level, and the higher unemployment rates can be indicators of a reduced capacity to borrow, which can effectively limit a financial institution's ability to lend.

According to the November 2018 Moody's Analytics Report, the Los Angeles-Long Beach-Glendale, California MSA economy has experienced growth, particularly in the professional/business services, leisure/hospitality, and healthcare which have been leading the gains. However, multi-family permits have been flat, and the public sector is shedding jobs. The three top employers in the area are University of California Los Angeles, Kaiser Permanente, and University of Southern California.

Natural disasters have affected the Los Angeles AA during the review period. Specifically, the Federal Emergency Management Agency (FEMA) designated Los Angeles County a disaster area due to wildfires and flooding in 2017. Los Angeles County was again affected by wildfires and designated a disaster area in 2018.

Competition

The Los Angeles AA is highly competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2018, there were 121 financial institutions that operated 2,406 full-service branches within the Los Angeles AA. Of these institutions, BSB had zero percent deposit market share.

There is a high level of competition for multi-family loans among banks, credit unions, and non-depository lenders in the Los Angeles AA. In 2017, aggregate lending data shows that 118 lenders originated or purchased 5,790 multi-family loans in the Los Angeles AA, indicating a high degree of competition for this product. BSB ranked 27th out of this group of lenders with a market share of 0.5 percent by number of multi-family loans originated or purchased. The most prominent home mortgage lender in the Los Angeles AA is a large national bank and it accounted for 42.6 percent of the total multi-family loan market share.

Finally, there is a high level of competition for small business loans among banks in the AA. In 2017, aggregate lending data shows that 209 lenders originated 313,577 small business loans in the Los Angeles AA, indicating a high degree of competition for this product. The 3 most prominent small business lenders in the Los Angeles AA are large national banks and accounted for 51.9 percent of the total small business loan market share. Since BSB is not required to report small business lending data, ranking information is not available for this product.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit and CD needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and CD opportunities are available.

Examiners contacted a representative of a community service organization in the AA. The contact identified a significant level of opportunity for small dollar consumer loans, as well as small business lending within Los Angeles County. The contact noted a particular need for financial education, consumer credit counseling, and community services for the large minority population of the AA. In addition, the contact cited a lack of affordable housing and opportunities for local financial institutions to provide financial education to help the population achieve financial goals, including attaining small consumer loans and home mortgage loans. Overall, the contact indicated that large financial institutions have been responsive to the credit and CD needs; however, there is still an opportunity for financial institutions to provide basic financial education to consumers.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business and multi-family loans represent a primary credit need for the AA. Opportunities exist for originating such loans, as demonstrated by the significant percentage of businesses with GARs of \$1 million or less, and by the large

percentage of businesses with four or fewer employees. Furthermore, as indicated by demographic and economic data, the AA has CD needs including affordable housing, economic development, community services, and revitalization and stabilization.

CONCLUSIONS ON PERFORMANCE CRITERIA IN LOS ANGELES AA

LENDING TEST

BSB demonstrated excellent performance under the Lending Test in the Los Angeles AA. Geographic Distribution and Borrower Profile performance primarily support this conclusion. Examiners reviewed small business, multi-family, and consumer loans originated or renewed within the AA.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the Los Angeles AA. The excellent performance in small business, multi-family, and consumer lending supports this conclusion. Comparatively, the bank made the majority of its multi-family loans in the Los Angeles AA. In addition, more weight was given to multi-family, followed by small business, and consumer lending considering the stated need for affordable housing by the community contact. Examiners focused on the percentage by number of loans in LMI CTs and the comparison to demographic and aggregate data, as available. No conspicuous lending gaps were noted in the geographic distribution of loans.

Multi-family Loans:

The geographic distribution of multi-family loans reflects excellent dispersion throughout the Los Angeles AA. The following table reflects the geographic distribution of multi-family lending in the AA for 2017 by tract income level. This table also includes comparative demographic data regarding the percentages of multi-family housing units in the AA by tract income level, based on 2015 ACS data. In addition, 2017 HMDA aggregate lending data is included for comparison purposes. HMDA aggregate lending data represents the lending activity of all institutions subject to HMDA reporting in a particular area.

As indicated in the table below, in 2017, the bank originated 14.8 percent of its multi-family loans in low-income CTs, which slightly exceeds the demographic data for multi-family housing units (12.6 percent) and approximates aggregate lending data (16.1 percent). The bank's multi-family lending in moderate-income CTs (51.9 percent) significantly exceeds both aggregate lending data (38.4 percent) and demographic data (30.7 percent).

Geographic Distribution of Multi-Family Loans						
Assessment Area: Los Angeles AA						
Tract Income Level	Multi-Family Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	12.6	16.1	4	14.8	6,534	16.8
Moderate						
2017	30.7	38.4	14	51.9	21,437	55.2
Middle						
2017	21.8	21.0	6	22.2	7,915	20.4
Upper						
2017	33.5	24.1	3	11.1	2,975	7.7
Not Available						
2017	1.4	0.4	0	0.0	0	0.0
Totals						
2017	100.0	100.0	27	100.0	38,861	100.0
<i>Source: 2015 ACS Census; 1/1/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available; Due to rounding, totals may not equal 100.0</i>						

Small Business Loans:

The geographic distribution of small business loans reflects excellent dispersion throughout the Los Angeles AA. In 2017 and 2018, the bank's lending performance in LMI CTs significantly exceeded the percentage of businesses. Given this, the bank has demonstrated excellent responsiveness to the small business credit needs of the LMI CTs in the Los Angeles AA. The following table reflects the geographic distribution of the small business loans reviewed by CT income level. This table also includes comparative demographic data regarding the percentages of businesses in the AA by tract income level based on 2017 and 2018 D&B data

Geographic Distribution of Small Business Loans					
Assessment Area: Los Angeles AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2017	4.7	17	8.5	753	9.0
YTD 2018	4.7	10	8.8	471	8.6
Moderate					
2017	19.1	92	46.0	3,887	46.5
YTD 2018	18.9	62	54.4	2,916	53.0
Middle					
2017	21.7	67	33.5	2,751	32.9
YTD 2018	21.6	26	22.8	1,096	19.9
Upper					
2017	52.1	22	11.0	879	10.5
YTD 2018	52.3	16	14.0	1,017	18.5
Not Available					
2017	2.5	2	1.0	85	1.0
YTD 2018	2.5	0	0.0	0	0.0
Totals					
2017	100.0	200	100.0	8,355	100.0
YTD 2018	100.0	114	100.0	5,500	100.0
<i>Source: 2017 & 2018 D&B Data; 1/1/2017 – 10/31/2018 Bank Data; Due to rounding, totals may not equal 100.0</i>					

Consumer Loans:

The geographic distribution of consumer loans reflects excellent dispersion throughout the Los Angeles AA. In 2017 and 2018, the bank's lending performance in LMI CTs significantly exceeded the percentage of households. Given this, the bank has demonstrated excellent responsiveness to the consumer credit needs of the LMI CTs in the Los Angeles AA. The following table reflects the geographic distribution of the consumer loans reviewed by CT income level. This table also includes comparative demographic data regarding the percentages of households in the AA by tract income level based on the 2015 ACS data.

Geographic Distribution of Consumer Loans					
Assessment Area: Los Angeles AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2017	7.7	11	17.7	157	17.5
YTD 2018	7.7	20	9.7	287	9.1
Moderate					
2017	26.4	25	40.3	350	39.0
YTD 2018	26.4	94	45.4	1,406	44.8
Middle					
2017	24.9	15	24.2	213	23.7
YTD 2018	24.9	54	26.1	796	25.3
Upper					
2017	40.5	11	17.7	178	19.8
YTD 2018	40.5	39	18.8	652	20.8
Not Available					
2017	0.5	0	0.0	0	0.0
YTD 2018	0.5	0	0.0	0	0.0
Totals					
2017	100.0	62	100.0	898	100.0
YTD 2018	100.0	207	100.0	3,141	100.0
Source: 2015 ACS Census; 1/1/2017 – 11/30/2018 Bank Data. Due to rounding, totals may not equal 100.0					

Borrower Profile

The distribution of borrowers reflects excellent penetration among individuals of different income levels and businesses of different revenue sizes. The bank's performance in small business and consumer lending supports this conclusion. The distribution of multi-family loan borrowers is not analyzed since income is not required to be reported. Given the bank's primary lending focus, more weight is placed on small business lending performance, followed by consumer lending. Examiners focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less in comparison to demographic data. Examiners also focused on the percentage by number of consumer loans to LMI borrowers in comparison to the 2015 ACS data.

Small Business Loans:

The distribution of small business loan borrowers reflects, given the demographics of the Los Angeles AA, excellent penetration among businesses of different revenue sizes. The lending to businesses with GAR of \$1 million or less is higher than the percentage of businesses reporting GARs of \$1 million or less. The following table reflects the distribution of small business loans reviewed based on the gross revenue level of the businesses, and it includes comparative demographic data regarding the percentages of businesses within the AA by gross revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Los Angeles AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2017	87.2	193	96.5	7,982	95.5
YTD 2018	87.2	109	95.6	5,089	92.5
>1,000,000					
2017	5.9	7	3.5	373	4.5
YTD 2018	5.8	5	4.4	411	7.5
Revenue Not Available					
2017	6.8	0	0.0	0	0.0
YTD 2018	7.0	0	0.0	0	0.0
Totals					
2017	100.0	200	100.0	8,355	100.0
YTD 2018	100.0	114	100.0	5,500	100.0
<i>Source: 2017 & 2018 D&B Data; 1/1/2017 – 10/31/2018 Bank Data; Due to rounding, totals may not equal 100.0</i>					

Consumer Loans:

The distribution of consumer loan borrowers reflects, given the demographics of the AA, excellent penetration among individuals of different income levels. For YTD 2018, BSB's consumer auto lending to low-income borrowers at 35.3 percent shows a significant upward trend over the performance in 2017. For 2018 lending to moderate-income borrowers, the performance shows a downward trend from 2017. Overall consumer lending to LMI borrowers demonstrate excellent responsiveness in the Los Angeles AA. The following table includes comparative demographic data regarding the percentages of households in the AA by borrower income level based on the 2015 ACS data.

Distribution of Consumer Loans by Borrower Income Level					
Assessment Area: Los Angeles AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2017	25.9	2	15.4	21	11.4
YTD 2018	25.9	6	35.3	66	26.9
Moderate					
2017	15.4	7	53.8	96	52.2
YTD 2018	15.4	4	23.5	56	22.9
Middle					
2017	15.8	3	23.1	42	22.8
YTD 2018	15.8	4	23.5	59	24.1
Upper					
2017	43.0	1	7.7	25	13.6
YTD 2018	43.0	3	17.6	64	26.1
Not Available					
2017	0.0	0	0.0	0	0.0
YTD 2018	0.0	0	0.0	0	0.0
Totals					
2017	100.0	13	100.0	184	100.0
YTD 2018	100.0	17	100.0	245	100.0
Source: 2015 ACS Census; 1/1/2017 – 11/30/2018 Bank Data. Due to rounding, totals may not equal 100.0					

COMMUNITY DEVELOPMENT TEST

BSB's CD performance demonstrates excellent responsiveness to CD needs in its Los Angeles AA through CD loans, qualified investments, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the AA. The bank's CD activities in the Los Angeles AA for the review period are summarized below.

Community Development Loans

Since the previous evaluation, the bank originated 25 CD loans totaling approximately \$30.5 million in the Los Angeles AA. All loans addressed affordable housing in the AA. These loans demonstrate the bank's responsiveness to the affordable housing CD needs identified by the community contact. The following table illustrates the bank's CD lending activity by year and purpose for the Los Angeles AA.

Community Development Lending in Los Angeles AA by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Partial 2016	4	4,468	--	--	--	--	--	--	4	4,468
2017	11	15,615	--	--	--	--	--	--	11	15,615
2018	10	10,441	--	--	--	--	--	--	10	10,441
Total	25	30,524	0	0	0	0	0	0	25	30,524
<i>Source: Bank Records; due to rounding, columns may not add</i>										

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

- In 2017, the bank originated a \$3.6 million loan to fund 29 units of affordable housing in a low-income community. The majority of tenants are eligible for Section 8 benefits and the property is rent controlled.
- In 2018, the bank originated a \$3.7 million loan that provided financing for multi-family affordable housing projects for LMI individuals. In total, the project provided 31 units of affordable housing in a moderate-income census tract.

Qualified Investments/Donations

BSB did not make or hold any qualified investments in the Los Angeles AA. The bank made a total of 14 qualified donations of \$42,650. The following table illustrates the bank's CD donations by year and purpose. Please refer to the BWAA section for examples of notable qualified investments and donations.

Qualified Donations in Los Angeles AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
2016	--	--	--	--	--	--	--	--	--	--
2017	1	5,000	3	7,500	3	10,000	--	--	7	22,500
2018	--	--	6	19,650	1	500	--	--	7	20,150
Total	1	5,000	9	27,150	4	10,500	--	--	14	42,650
<i>Source: Bank Records</i>										

Community Development Services

During the evaluation period, BSB officers and staff provided 44 instances of financial expertise or technical assistance totaling 450 hours of qualified CD services.

The majority of CD services provided consist of activities that provide various services to LMI individuals and families and small businesses, including the provision of community services

and economic development, reflecting responsiveness to a credit need identified by a community contact. The following table illustrates the bank's CD services by year, showing both the number and hours of such services.

Community Development Services in Los Angeles AA by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Partial 2016	--	53	0	--	53
2017	--	134	65	--	199
2018	--	95	103	--	198
Total	0	282	168	0	450
<i>Source: Bank Records</i>					

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

- An employee serves on the Board of a non-profit that provides hands-on financial education classes to LMI youth.
- An employee serves on the organizing committee of a collaborative forum for banks, regulators, and non-profits to discuss and exchange information regarding CD needs of LMI areas of Southern California.

METROPOLITAN AREAS RECEIVING FULL-SCOPE REVIEW

VISALIA-PORTERVILLE-HANFORD AA

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE VISALIA-PORTERVILLE-HANFORD AA

The Visalia-Porterville-Hanford AA is comprised of the entirety of the Visalia-Porterville-Hanford, California CSA #546, including Tulare County which wholly-represents the Visalia-Porterville, California MSA #47300, and Kings County which wholly-represents the Hanford-Corcoran MSA #25260. Two of the bank's branches are located in this AA, which contains:

- 20.0 percent of the state's branches;
- 7.6 percent of the state's deposits;
- 6.4 percent of the state's multi-family loans;
- 0.2 percent of the state's small business loans;
- 28.9 percent of the state's consumer loans;
- 2.1 percent of the state's CD loans by dollar;
- 0.2 percent of the state's CD investments and donations by dollar; and
- 25.4 percent of the state's CD services by hours.

Economic and Demographic Data

The Visalia-Porterville-Hanford AA contains 105 census tracts of which 2.9 percent are low-, 31.4 percent are moderate-, 32.4 percent are middle-, 30.5 percent are upper-income, and 2.9 percent have no income designation. The following table provides demographic information for the AA.

Demographic Information of the Assessment Area						
Assessment Area: Visalia-Porterville-Hanford AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	105	2.9	31.4	32.4	30.5	2.9
Population by Geography	605,031	2.6	31.8	30.6	32.3	2.7
Housing Units by Geography	189,420	2.2	29.7	30.9	37.2	0.0
Owner-Occupied Units by Geography	97,048	1.3	23.4	30.5	44.8	0.0
Occupied Rental Units by Geography	78,076	3.4	37.7	32.0	27.0	0.0
Vacant Units by Geography	14,296	1.8	28.9	27.5	41.8	0.0
Businesses by Geography	21,500	1.3	31.4	27.2	40.1	0.1
Farms by Geography	2,617	1.1	32.5	26.7	39.6	0.0
Family Distribution by Income Level	135,993	23.3	17.5	17.0	42.2	0.0
Household Distribution by Income Level	175,124	23.8	16.5	17.4	42.4	0.0
Median Family Income MSA - 25260 Hanford-Corcoran, CA MSA		\$49,735	Median Housing Value			\$163,046
Median Family Income MSA - 47300 Visalia-Porterville, CA MSA		\$44,814	Median Gross Rent			\$870
			Families Below Poverty Level			22.1%
Source: 2015 ACS Census and 2017 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 the 2017 D&B data, there were 21,500 businesses. GARs for these businesses are below.

- 81.7 percent have \$1 million or less;
- 5.6 percent have more than \$1 million; and
- 12.7 percent have unknown revenues.

The service industry captures the most businesses in the AA with 39.0 percent; with some of the other largest businesses being retail trade at 16.0 percent; agriculture, forestry, and fishing at 10.9 percent; and construction at 7.4 percent.

The 2017 FFIEC-updated median family income levels are used to analyze consumer loans under the Borrower Profile criterion. The following table breaks down FFIEC median family income ranges for the Visalia-Porterville-Hanford AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Hanford-Corcoran, CA MSA Median Family Income (25260)				
2017 (\$50,200)	<\$25,100	\$25,100 to <\$40,160	\$40,160 to <\$60,240	≥\$60,240
2018 (\$55,400)	<\$27,700	\$27,700 to <\$44,320	\$44,320 to <\$66,480	≥\$66,480
Visalia-Porterville, CA MSA Median Family Income (47300)				
2017 (\$47,300)	<\$23,650	\$23,650 to <\$37,840	\$37,840 to <\$56,760	≥\$56,760
2018 (\$49,200)	<\$24,600	\$24,600 to <\$39,360	\$39,360 to <\$59,040	≥\$59,040
<i>Source: FFIEC; Due to rounding, totals may not equal 100.0</i>				

As of 2017, there are 189,420 housing units in the AA. Of these, 51.2 percent are owner-occupied, 41.2 percent are occupied rental units, and 7.6 percent are vacant units. Of the total housing units in the AA, 6.9 percent are multi-family units.

The following table illustrates the unemployment rates as reported by the BLS.

Unemployment Rates			
Assessment Area	2016	2017	November 2018
	%	%	%
Visalia-Porterville-Hanford AA			
Visalia-Porterville, California MSA	11.2	10.4	8.6
Hanford-Corcoran, California MSA	10.0	8.9	7.0
California	5.5	4.8	4.1
National Average	4.9	4.4	3.7
<i>Source: Bureau of Labor Statistics</i>			

As illustrated above, the Visalia-Porterville-Hanford AA has seen an improving trend in the unemployment rate over the review period; however, the MSA has had unemployment rates that are much higher than the state and national average. The Visalia-Porterville MSA had the 3rd highest unemployment rate of the 388 MSAs in the nation in 2017 and the Hanford-Corcoran MSA had the 7th highest. In addition, the 2015 ACS data reveals that 22.1 percent of families in the Visalia-Porterville-Hanford AA have incomes below the poverty level. The percentage of families with incomes lower than the poverty level, and the high unemployment rates can be indicators of a reduced capacity to borrow, which can effectively limit a financial institution's ability to lend.

According to the November 2018 Moody's Analytics Report, the Visalia-Porterville, California MSA economy has continued to recover, although challenges of finding workers and the shortage of labor has tempered growth. Consumer hourly earnings have increased, outpacing the statewide and national earnings. The Visalia-Porterville MSA is the sixth poorest metro area in the country, and lags far behind California average incomes. The three top employers in the area are Kaweah Delta Healthcare, Ruiz Food Products Inc., and Sierra View District Hospital.

Based on the November 2018 Moody's Analytics Report, the Hanford-Corcoran, California MSA's agricultural-heavy economy has been improving slowly. Naval Air Station Lemoore has served as the key driver of growth, with an increasing number of personnel and their families moving into the area, and boosting consumer spending in the MSA. Hanford-Corcoran MSA has the second lowest per capita income of all metro areas in California, largely due to its heavy reliance on farm and military employment, which are low-paying. The MSA's agriculture industry has continued on in less favorable conditions; incomes in milk and cotton have dropped and tariffs were levied on U.S. almonds in April 2018, which is the area's main crop. The three top employers in the area are Naval Air Station Lemoore, California State Prison-Corcoran, and Adventist Health.

Natural disasters have affected the Visalia-Porterville-Hanford AA during the review period. Specifically, the FEMA designated Kings County a disaster area due to wildfires and flooding in 2017.

Competition

The Visalia-Hanford-Porterville AA is moderately competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2018, there were 15 financial institutions that operated 69 full-service branches within the AA. Of these institutions, BSB had 0.7 percent deposit market share.

There is some competition for multi-family loans among banks, and non-depository lenders in the AA. In 2017, aggregate lending data shows that 23 lenders originated or purchased 65 multi-family loans in the AA, indicating a degree of competition for this product. BSB ranked 6th out of this group of lenders with a market share of 4.62 percent by number of multi-family loans originated or purchased. The top 2 multi-family lenders in the AA are large banks and they accounted for 33.84 percent of the total multi-family loan market share.

Finally, there is a high level of competition for small business loans among banks in the AA. In 2017, aggregate lending data shows that 69 lenders originated 5,959 small business loans in the Visalia-Porterville MSA and 53 lenders originated 1,531 small business loans in the Hanford-Corcoran MSA, indicating a high degree of competition for this product. The three most prominent small business lenders in the Visalia-Porterville-Hanford AA are large national banks and accounted for 42.1 percent of the total small business loan market share. Since BSB is not required to report small business lending data, ranking information is not available for this product.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit and CD needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and CD opportunities are available.

Examiners reviewed an existing community contact that was conducted with a representative of an organization that assists small businesses in securing financing for projects to contribute to the economic development of the local economy of Tulare County. The contact stated that there is active government involvement in the area due to the rural and agricultural economy. Several counties in the area are involved and Tulare County is a focus of these efforts due to a greater need in the area.

The contact stated all of the local financial institutions could be doing more by offering smaller dollar loans, because restrictive qualifications and lack of lending availability has caused businesses to look towards out-of-area lenders. If standards were more flexible, more small local business could secure financing with local financial institutions. The contact stated that the biggest challenge local community banks have recently faced is consolidation, which results in credit limits being very restrictive and some banks are only able to do top tier projects.

Regarding CD projects or financing program opportunities in the area, the contact stated that all financial institutions can participate under the SBA 504 program and other programs, but not all of them do. There are a lot of CD projects underway in the AA and opportunity exists, particularly in economic development.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business loans represent a primary credit need for the AA. Opportunities exist for originating such loans, as demonstrated by the significant percentage of businesses with GARs of \$1 million or less. Furthermore, as indicated by demographic and economic data, the AA has CD needs including affordable housing, economic development, community services, and revitalization and stabilization.

CONCLUSIONS ON PERFORMANCE CRITERIA IN VISALIA-PORTERVILLE-HANFORD AA

LENDING TEST

BSB demonstrated reasonable performance under the Lending Test in the Visalia-Porterville-Hanford AA. Geographic Distribution and Borrower Profile performance in consumer lending primarily support this conclusion. Examiners reviewed consumer, multi-family, and small business loans originated or renewed within the AA. In 2017 and YTD 2018, the bank originated 1 small business loan to a business in an upper-income CT with GAR of less than \$1 million. In 2017, the bank originated 3 multi-family loans (2 in moderate-income and 1 in middle income tracts in the Visalia-Porterville-Hanford AA. The universe of small business loans is not large enough to make any meaningful analysis under this criterion and small business lending carries the least weight in this AA. As previously mentioned, the Visalia-Porterville-Hanford AA was chosen for full-scope review as it contains a significant majority of the bank's consumer automobile lending activities for the state and it carries the most weight. The low number of small business and multi-family originations is explained by the fact that the

timeframe the bank has been in business in the Visalia-Porterville-Hanford AA and the time necessary to establish internal processes for these types of lending.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Visalia-Porterville-Hanford AA. The adequate performance in consumer lending supports this conclusion. Given the bank's primary lending focus in the Visalia-Porterville-Hanford AA, the overall Lending Test conclusion is based on consumer lending performance, followed by multi-family lending. Examiners focused on the percentage by number of loans in LMI CTs and the comparison to demographic data for small business loans and aggregate and demographic data for multi-family lending. No conspicuous lending gaps were noted in the geographic distribution of loans.

Consumer Loans:

The geographic distribution of consumer loans reflects reasonable penetration throughout the Visalia-Porterville-Hanford AA. In 2017 and 2018, the bank's lending performance in LMI CTs slightly exceeded the percentage of households. Given this, the bank has demonstrated adequate responsiveness to the consumer credit needs in the LMI CTs in the Visalia-Porterville-Hanford AA. The following table reflects the geographic distribution of the consumer loans reviewed by CT income level. This table also includes comparative demographic data regarding the percentages of households in the AA by tract income level based on the 2015 ACS data.

Geographic Distribution of Consumer Loans					
Assessment Area: Visalia-Porterville-Hanford AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2017	2.2	19	2.3	249	2.4
YTD 2018	2.2	17	2.7	254	3.0
Moderate					
2017	29.8	277	33.9	3,533	34.2
YTD 2018	29.8	217	34.6	2,941	34.2
Middle					
2017	31.2	284	34.8	3,544	34.4
YTD 2018	31.2	212	33.8	2,862	33.3
Upper					
2017	36.8	237	29.0	2,991	29.0
YTD 2018	36.8	181	28.9	2,531	29.5
Not Available					
2017	0.0	0	0.0	0	0.0
YTD 2018	0.0	0	0.0	0	0.0
Totals					
2017	100.0	817	100.0	10,317	100.0
YTD 2018	100.0	627	100.0	8,588	100.0
Source: 2015 ACS Census; 1/1/2017 – 11/30/2018 Bank Data. Due to rounding, totals may not equal 100.0					

Multi-family Loans

The geographic distribution of multi-family loans reflects reasonable penetration throughout the Visalia-Porterville-Hanford AA. The bank did not originate any multi-family loans in the low-income CTs in 2017; however, a very small portion of the percentage of multi-family units in the AA is located in the low-income CTs. Further, as demonstrated by the aggregate performance, there is limited opportunity to provide multi-family lending in the low-income CTs. In 2017, the bank's lending performance in moderate-income CTs exceeded the percentage of multi-family units in the AA. The small number of multi-family loans may skew the percentages; however, 75 percent of the multi-family loans originated in 2017 were in moderate-income CTs. Given this, the bank has demonstrated adequate responsiveness to the multi-family credit needs in the LMI CTs in the Visalia-Porterville-Hanford AA. The following table reflects the geographic distribution of the multi-family loans reviewed by CT income level. This table also includes comparative demographic data regarding the percentages of multi-family units by tract income level based on the 2015 ACS data.

Geographic Distribution of Multi-Family Loans						
Assessment Area: Visalia-Porterville-Hanford AA						
Tract Income Level	Multi-Family Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	5.4	2.0	0	0.0	0	0.0
Moderate						
2017	36.3	34.0	2	66.7	1,000	33.3
Middle						
2017	29.7	42.0	1	33.3	2,000	66.7
Upper						
2017	28.6	22.0	0	0.0	0	0.0
Not Available						
2017	0.0	0.0	0	0.0	0	0.0
Totals						
2017	100.0	100.0	3	100.0	3,000	100.0
Source: 2015 ACS Census; 1/1/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available; Due to rounding, totals may not equal 100.0						

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different revenue sizes. The bank's performance in consumer lending primarily supports this conclusion. The distribution of home mortgage loan borrowers is not analyzed since income is not required to be reported for multi-family lending. The bank's primary lending focus in this AA is consumer lending. Examiners focused on the percentage by number of consumer loans to LMI borrowers in comparison to the 2015 ACS data.

Consumer Loans:

The distribution of consumer loan borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels. BSB's consumer auto lending to LMI borrowers is above the percent of households overall with the exception of a sharp decline to low-income borrowers in 2018. The bank's overall performance demonstrates adequate responsiveness to the consumer credit needs of LMI individuals in the Visalia-Porterville-Hanford AA. The following table reflects the percentage of consumer loans by borrower income levels. This table also includes comparative demographic data regarding the percentages of households in the AA by borrower income level based on the 2015 ACS data.

Distribution of Consumer Loans by Borrower Income Level					
Assessment Area: Visalia-Porterville-Hanford AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2017	23.8	7	28.0	84	27.1
YTD 2018	23.8	3	12.5	35	11.0
Moderate					
2017	16.5	8	32.0	89	28.7
YTD 2018	16.5	8	33.3	89	28.1
Middle					
2017	17.4	5	20.0	71	22.9
YTD 2018	17.4	9	37.5	121	38.2
Upper					
2017	42.4	4	16.0	52	16.8
YTD 2018	42.4	4	16.7	72	22.7
Not Available					
2017	0.0	1	4.0	14	4.5
YTD 2018	0.0	0	0.0	0	0.0
Totals					
2017	100.0	25	100.0	310	100.0
YTD 2018	100.0	24	100.0	317	100.0
<i>Source: 2015 ACS Census; 1/1/2017 – 11/30/2018 Bank Data. Due to rounding, totals may not equal 100.0</i>					

COMMUNITY DEVELOPMENT TEST

BSB's CD performance demonstrates adequate responsiveness to CD needs in its Visalia-Porterville-Hanford AA through CD loans, qualified investments, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD in the AA. The bank's CD activities in the Visalia-Porterville-Hanford AA for the review period are summarized below.

Community Development Loans

Since the previous evaluation, the bank originated 4 CD loans totaling approximately \$2.6 million in the Visalia-Porterville-Hanford AA. All loans addressed affordable housing in the AA. These loans demonstrate the bank's responsiveness to the affordable housing CD needs identified by the community contact. The following table illustrates the bank's CD lending activity by year and purpose for the Visalia-Porterville-Hanford AA.

Table 4 - Community Development Lending in Visalia-Porterville-Hanford AA by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Partial 2016	--	--	--	--	--	--	--	--	--	--
2017	2	1,000	--	--	--	--	--	--	2	1,000
2018	2	1,592	--	--	--	--	--	--	2	1,592
Total	4	2,592	0	0	0	0	0	0	4	2,592
<i>Source: Bank Records; due to rounding, columns may not add</i>										

Below is a notable example of the bank's CD loans in the Visalia-Porterville-Hanford AA since the previous evaluation:

- A \$1 million loan to fund 24 units of affordable housing in a moderate-income community.

Qualified Investments/Donations

BSB did not make or hold any qualified investments in the Visalia-Porterville-Hanford AA. The bank made a total of 6 CD donations of \$15,000 to organizations that had affordable housing and community services purposes. The following table illustrates the bank's CD donations by year and purpose. Please refer to the BWAA section for examples of notable qualified investments and donations.

Qualified Donations in Visalia-Porterville-Hanford CSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$	#	\$	#	\$	#	\$	#	\$
2016	--	--	--	--	--	--	--	--	--	--
2017	1	2,000	3	10,500	--	--	--	--	4	12,500
2018	--	--	2	2,500	--	--	--	--	2	2,500
YTD 2019	--	--	--	--	--	--	--	--	--	--
Total	1	2,000	5	13,000	--	--	--	--	6	15,000
<i>Source: Bank Records</i>										

Community Development Services

During the evaluation period, BSB officers and staff provided 170 instances of financial expertise or technical assistance totaling 508 hours of qualified CD services.

The majority of CD services provided consist of activities that provide various services to small businesses and LMI individuals and families. The CD services also include the provision of community services and economic development, reflecting responsiveness to a credit need identified by a community contact. The following table illustrates the bank's CD services by year, showing the number of hours.

Community Development Services in Visalia-Hanford-Porterville AA by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Partial 2016	--	68	--	--	68
2017	--	198	5	--	203
2018	--	201	36	--	237
Total	0	467	41	0	508

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

- An employee teaches the Money Smart curriculum to over 4,000 high school and junior-college students annually throughout the Central Valley.
- An employee serves as an Advisory Board member for a high-school program designed to teach LMI students about banking, entrepreneurship, and job preparedness.

METROPOLITAN AREA RECEIVING LIMITED-SCOPE REVIEW

BAKERSFIELD AA

DESCRIPTION OF INSTITUTION'S OPERATIONS IN BAKERSFIELD AA

The Bakersfield AA consists of Kern County, which composes the Bakersfield, CA MSA #12540. The institution operates one branch in the AA located in a middle-income CT, holds 1.7 percent of deposits in the AA according to the June 30, 2017, FDIC Summary of Deposits report. BSB operates one branch office within this AA. This AA contains:

- 10 percent of the state's branches;
- 1.7 percent of the state's deposits;
- 2.1 percent of the state's multi-family loans;
- 4.8 percent of the state's small business loans;
- 15.9 percent of the state's consumer loans;
- 0.3 percent of the state's CD loans by dollar;
- 0.1 percent of the state's CD investments and donations by dollar; and
- 0.3 percent of the state's CD services by hours.

Economic and Demographic Data

The Bakersfield AA contains 151 census tracts of which 9.3 percent are low-, 26.5 percent are moderate-, 29.1 percent are middle-, 31.8 percent are upper-income, and 3.3 percent have no income designation. The following table provides demographic information for the AA.

Demographic Information of the Assessment Area						
Assessment Area: Bakersfield AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	151	9.3	26.5	29.1	31.8	3.3
Population by Geography	865,736	9.7	23.3	31.8	33.0	2.3
Housing Units by Geography	289,529	9.9	21.6	32.9	35.5	0.1
Owner-Occupied Units by Geography	147,125	5.6	15.8	32.3	46.2	0.1
Occupied Rental Units by Geography	112,575	14.8	29.3	31.9	23.9	0.1
Vacant Units by Geography	29,829	13.1	21.4	39.3	26.1	0.1
Businesses by Geography	39,475	6.1	20.8	28.3	44.0	0.8
Farms by Geography	1,749	4.3	20.8	34.1	38.8	1.9
Family Distribution by Income Level	196,097	24.8	16.4	16.1	42.7	0.0
Household Distribution by Income Level	259,700	25.5	16.2	15.8	42.6	0.0
Median Family Income MSA - 12540 Bakersfield, CA MSA		\$52,649	Median Housing Value			\$160,795
			Median Gross Rent			\$927
			Families Below Poverty Level			19.4%
Source: 2015 ACS Census and 2017 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 the 2017 D&B data, there were 39,475 businesses. GARs for these businesses are below.

- 84.6 percent have \$1 million or less;
- 5.0 percent have more than \$1 million; and
- 10.4 percent have unknown revenues.

CONCLUSIONS ON PERFORMANCE CRITERIA IN BAKERSFIELD AA

The institution's Lending Test performance in the Bakersfield AA is consistent with the performance in the State of California. During the review period, the bank originated 7 consumer loans totaling \$76,000; 23 small business loans totaling \$1.3 million; and 1 multi-family loan totaling \$1.2 million in the AA.

Multi-family loans were reviewed in this AA but the universe of lending activity is not large enough to make any meaningful analysis or alter the overall conclusion in the State of California. During the review period, the bank originated one multi-family loan in the AA, which is located in a moderate-

income CT.

The following tables illustrate the bank's geographic and borrower distribution performance.

LENDING TEST

Geographic Distribution of Consumer Loans					
Assessment Area: Bakersfield AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2017	9.6	69	13.5	783	12.5
YTD 2018	9.6	45	15.9	508	15.4
Moderate					
2017	21.7	174	34.1	2,155	34.4
YTD 2018	21.7	91	32.2	1,082	32.8
Middle					
2017	32.1	169	33.1	2,048	32.7
YTD 2018	32.1	94	33.2	1,057	32.0
Upper					
2017	36.5	99	19.4	1,271	20.3
YTD 2018	36.5	53	18.7	654	19.8
Not Available					
2017	0.1	0	0.0	0	0.0
YTD 2018	0.1	0	0.0	0	0.0
Totals					
2017	100.0	511	100.0	6,257	100.0
YTD 2018	100.0	283	100.0	3,301	100.0
Source: 2015 ACS Census; 1/1/2017 – 11/30/2018 Bank Data. Due to rounding, totals may not equal 100.0					

Geographic Distribution of Multi-Family Loans						
Assessment Area: Bakersfield AA						
Tract Income Level	Multi-Family Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	12.6	32.9	0	0.0	0	0.0
Moderate						
2017	33.5	22.0	1	100.0	1,200	100.0
Middle						
2017	29.1	30.5	0	0.0	0	0.0
Upper						
2017	24.9	14.6	0	0.0	0	0.0
Not Available						
2017	0.0	0.0	0	0.0	0	0.0
Totals						
2017	100.0	100.0	1	100.0	1,200	100.0
YTD 2018	100.0	--	0	0.0	0	0.0
Source: 2015 ACS Census; 1/1/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, Due to rounding, totals may not equal 100.0						

Geographic Distribution of Small Business Loans					
Assessment Area: Bakersfield AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2017	6.1	0	0.0	0	0.0
YTD 2018	5.9	0	0.0	0	0.0
Moderate					
2017	20.8	3	37.5	132	42.6
YTD 2018	20.5	2	13.3	83	8.7
Middle					
2017	28.3	3	37.5	110	35.5
YTD 2018	27.9	5	33.3	226	23.7
Upper					
2017	44.0	2	25.0	68	21.9
YTD 2018	44.9	8	53.3	643	67.5
Not Available					
2017	0.8	0	0.0	0	0.0
YTD 2018	0.8	0	0.0	0	0.0
Totals					
2017	100.0	8	100.0	310	100.0
YTD 2018	100.0	15	100.0	952	100.0
Source: 2017 & 2018 D&B Data; 1/1/2017 – 10/31/2018 Bank Data; "--" data not available; Due to rounding, totals may not equal 100.0					

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Bakersfield AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2017	84.6	8	100.0	310	100.0
YTD 2018	84.4	15	100.0	952	100.0
>1,000,000					
2017	5.0	0	0.0	0	0.0
YTD 2018	4.9	0	0.0	0	0.0
Revenue Not Available					
2017	10.4	0	0.0	0	0.0
YTD 2018	10.7	0	0.0	0	0.0
Totals					
2017	100.0	8	100.0	310	100.0
YTD 2018	100.0	15	100.0	952	100.0
<i>Source: 2017 & 2018 D&B Data; 1/1/2017 – 10/31/2018 Bank Data; Due to rounding, totals may not equal 100.0</i>					

Distribution of Consumer Loans by Borrower Income Level					
Assessment Area: Bakersfield AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2017	25.5	2	50.0	27	64.3
YTD 2018	25.5	0	0.0	0	0.0
Moderate					
2017	16.2	0	0.0	0	0.0
YTD 2018	16.2	2	66.7	21	61.8
Middle					
2017	15.8	0	0.0	0	0.0
YTD 2018	15.8	0	0.0	0	0.0
Upper					
2017	42.6	2	50.0	15	35.7
YTD 2018	42.6	1	33.3	13	38.2
Not Available					
2017	0.0	0	0.0	0	0.0
YTD 2018	0.0	0	0.0	0	0.0
Totals					
2017	100.0	4	100.0	42	100.0
YTD 2018	100.0	3	100.0	34	100.0
Source: 2015 ACS Census; 1/1/2017 – 11/31/2018 Bank Data. Due to rounding, totals may not equal 100.0					

COMMUNITY DEVELOPMENT TEST

The institution's CD Test performance in the Bakersfield AA is consistent with the performance in the State of California. During the review period, the bank originated 1 CD loan in the AA totaling approximately \$1.2 million with an affordable housing purpose. No qualified investments were made in the AA, although there were 4 donations totaling \$12,000 during the review period. The bank provided three instances of CD services for a total of six hours within the Bakersfield AA. Examiners considered the institution's capacity and the need and availability of such opportunities in the AA.

METROPOLITAN AREA RECEIVING LIMITED-SCOPE REVIEW

BAY AREA AA

DESCRIPTION OF INSTITUTION'S OPERATIONS IN BAY AREA AA

The Bay Area AA is a contiguous area consisting of Alameda, Contra Costa, San Francisco, San Mateo and Sonoma Counties. These five counties represent a portion of the San Jose-San Francisco-Oakland, CA CSA #488 and is comprised of: 1) Oakland-Hayward-Berkeley, MD #36084 (Alameda, Contra Costa, San Francisco, and San Mateo Counties); and Santa Rosa, MSA #42220 (Sonoma County). This AA has been in place since the previous evaluation except that the Santa Rosa AA was not included in the evaluation due to the AA being new at the time. The institution operates two branches in the Bay Area AA. This AA contains:

- 20 percent of the state's branches;
- 80.7 percent of the state's deposits;
- 19.1 percent of the state's multi-family loans;
- 4.8 percent of the state's small business loans;
- 2.5 percent of the state's consumer loans;
- 30.9 percent of the state's CD loans by dollar;
- 2.7 percent of the state's CD investments and donations by dollar; and
- 46.5 percent of the state's CD services by hours.

Economic and Demographic Data

The Bay Area AA contains 1,022 census tracts of which 11.1 percent are low-, 21.7 percent are moderate-, 32.2 percent are middle-, 33.7 percent are upper-income, and 1.4 percent have no income designation. The following table provides demographic information for the AA.

Demographic Information of the Assessment Area						
Assessment Area: Bay Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,022	11.1	21.7	32.2	33.7	1.4
Population by Geography	4,765,623	10.4	22.5	34.4	32.3	0.4
Housing Units by Geography	1,857,772	10.3	21.4	34.0	33.7	0.6
Owner-Occupied Units by Geography	937,022	4.2	17.3	36.0	42.3	0.1
Occupied Rental Units by Geography	807,311	16.7	26.1	31.9	24.3	1.0
Vacant Units by Geography	113,439	14.5	22.3	33.0	29.1	1.1
Businesses by Geography	372,251	10.7	18.2	30.2	40.1	0.7
Farms by Geography	6,400	5.2	16.3	40.3	38.1	0.1
Family Distribution by Income Level	1,100,779	24.2	16.2	18.2	41.5	0.0
Household Distribution by Income Level	1,744,333	25.9	14.9	16.3	42.8	0.0
Median Family Income MSA - 36084 Oakland-Hayward-Berkeley, CA MD		\$93,822	Median Housing Value			\$613,511
Median Family Income MSA - 41884 San Francisco-Redwood City-South San Francisco, CA		\$103,742	Median Gross Rent			\$1,500
Median Family Income MSA - 42220 Santa Rosa, CA MSA		\$77,587	Families Below Poverty Level			7.5%
Source: 2015 ACS Census and 2017 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 the 2017 D&B data, there were 372,251 businesses. GARs for these businesses are below.

- 85.6 percent have \$1 million or less;
- 6.2 percent have more than \$1 million; and
- 8.2 percent have unknown revenues.

CONCLUSIONS ON PERFORMANCE CRITERIA IN BAY AREA AA

The institution's Lending Test performance in the Bay Area AA is consistent with the performance in the State of California. During the review period, the bank originated 2 consumer loans totaling \$17,000; 65 small business loans totaling \$15.3 million; and 9 multi-family loans totaling \$20.1 million. The following tables illustrate the bank's geographic and borrower distribution performance.

LENDING TEST

Geographic Distribution of Small Business Loans					
Assessment Area: Bay Area AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2017	10.7	8	26.7	1,812	19.9
YTD 2018	10.8	6	17.1	1,352	21.9
Moderate					
2017	18.2	8	26.7	2,385	26.1
YTD 2018	18.3	13	37.1	1,779	28.8
Middle					
2017	30.2	5	16.7	1,350	14.8
YTD 2018	30.1	7	20.0	1,028	16.6
Upper					
2017	40.1	9	30.0	3,578	39.2
YTD 2018	40.0	9	25.7	2,023	32.7
Not Available					
2017	0.7	0	0.0	0	0.0
YTD 2018	0.8	0	0.0	0	0.0
Totals					
2017	100.0	30	100.0	9,125	100.0
YTD 2018	100.0	35	100.0	6,182	100.0
Source: 2017 & 2018 D&B Data; 1/1/2017 – 10/30/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0					

Geographic Distribution of Multi-Family Loans						
Assessment Area: Bay Area AA						
Tract Income Level	Multi-Family Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	18.8	19.2	2	22.2	1,440	13.1
Moderate						
2017	25.0	27.3	2	22.2	1,845	16.8
Middle						
2017	27.7	28.8	5	55.6	7,725	70.2
Upper						
2017	26.7	23.5	0	0.0	0	0.0
Not Available						
2017	1.7	1.1	0	0.0	0	0.0
Totals						
2017	100.0	100.0	9	100.0	11,010	100.0
<i>Source: 2015 ACS Census; 1/1/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, Due to rounding, totals may not equal 100.0</i>						

Geographic Distribution of Consumer Loans					
Assessment Area: Bay Area AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2017	10.0	2	8.7	29	10.2
YTD 2018	10.0	16	16.0	264	16.4
Moderate					
2017	21.4	12	52.2	143	50.2
YTD 2018	21.4	31	31.0	493	30.6
Middle					
2017	34.1	6	26.1	78	27.4
YTD 2018	34.1	41	41.0	693	43.0
Upper					
2017	34.0	3	13.0	35	12.3
YTD 2018	34.0	12	12.0	161	10.0
Not Available					
2017	0.5	0	0.0	0	0.0
YTD 2018	0.5	0	0.0	0	0.0
Totals					
2017	100.0	23	100.0	285	100.0
YTD 2018	100.0	100	100.0	1,611	100.0
<i>Source: 2015 ACS Census; 1/1/2017 – 11/30/2018 Bank Data. Due to rounding, totals may not equal 100.0</i>					

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Bay Area AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2017	85.6	13	43.3	3,663	40.1
YTD 2018	85.5	23	65.7	2,563	41.5
>1,000,000					
2017	6.2	17	56.7	5,462	59.9
YTD 2018	6.1	12	34.3	3,619	58.5
Revenue Not Available					
2017	8.2	0	0.0	0	0.0
YTD 2018	8.4	0	0.0	0	0.0
Totals					
2017	100.0	30	100.0	9,125	100.0
YTD 2018	100.0	35	100.0	6,182	100.0
Source: 2017 & 2018 D&B Data; 1/1/2017 – 10/31/2018 Bank Data; Due to rounding, totals may not equal 100.0					

Distribution of Consumer Loans by Borrower Income Level					
Assessment Area: Bay Area AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2017	25.9	0	0.0	0	0.0
YTD 2018	25.9	1	50.0	10	58.8
Moderate					
2017	14.9	0	0.0	0	0.0
YTD 2018	14.9	1	50.0	7	41.2
Middle					
2017	16.3	0	0.0	0	0.0
YTD 2018	16.3	0	0.0	0	0.0
Upper					
2017	42.8	0	0.0	0	0.0
YTD 2018	42.8	0	0.0	0	0.0
Not Available					
2017	0.0	0	0.0	0	0.0
YTD 2018	0.0	0	0.0	0	0.0
Totals					
2017	100.0	0	0.0	0	0.0
YTD 2018	100.0	2	100.0	17	100.0
Source: 2015 ACS Census; 1/1/2017 – 11/30/2018 Bank Data. Due to rounding, totals may not equal 100.0					

COMMUNITY DEVELOPMENT TEST

The institution's CD Test performance in the Bay Area AA is above the rest of the AAs in the State of California. The CD activities in this AA positively influenced the overall State of California CD Test Rating. During the review period, the bank originated 42 CD loans in the AA totaling approximately \$38.1 million with affordable housing, community services, and economic development purposes. The bank also made 109 CD donations totaling \$241,250 during the review period. The bank provided 85 instances of CD services for a total of 931 hours within the Bay Area AA. Examiners considered the institution's capacity and the need and availability of such opportunities in the AA.

METROPOLITAN AREA RECEIVING LIMITED-SCOPE REVIEW

FRESNO-MADERA AA

DESCRIPTION OF INSTITUTION'S OPERATIONS IN FRESNO-MADERA AA

The Fresno-Madera AA is contiguous consisting of Fresno and Madera Counties. The two counties fully compose the BSB, Fresno-Madera, California CSA #260. The CSA is comprised of two MSAs: 1) Fresno, MSA #23420 (Fresno County); and Madera, MSA #31460 (Madera County). This is a new AA since the previous evaluation. The institution operates one branch in the AA. This AA contains:

- 10.0 percent of the state's branches;
- 2.0 percent of the state's deposits;
- 4.2 percent of the state's multi-family loans;
- 6.2 percent of the state's small business loans;
- 30.5 percent of the state's consumer loans;
- 15.3 percent of the state's CD loans by dollar;
- 0.1 percent of the state's CD investments and donations by dollar; and
- 2.4 percent of the state's CD services by hours.

Economic and Demographic Data

The Fresno-Madera AA contains 222 census tracts of which 8.1 percent are low-, 33.8 percent are moderate-, 22.5 percent are middle-, 34.7 percent are upper-income, and 0.9 percent have no income designation. The following table provides demographic information for the AA.

Demographic Information of the Assessment Area						
Assessment Area: Fresno-Madera AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	222	8.1	33.8	22.5	34.7	0.9
Population by Geography	1,109,936	7.3	33.8	23.6	34.7	0.6
Housing Units by Geography	371,659	6.6	31.4	23.7	38.2	0.2
Owner-Occupied Units by Geography	182,749	2.7	22.6	23.6	51.0	0.0
Occupied Rental Units by Geography	156,715	10.9	42.4	23.6	22.8	0.3
Vacant Units by Geography	32,195	7.6	27.3	24.5	40.4	0.2
Businesses by Geography	51,848	5.8	27.7	22.5	42.7	1.2
Farms by Geography	3,751	3.3	24.6	33.9	38.1	0.1
Family Distribution by Income Level	249,307	24.9	16.1	16.7	42.3	0.0
Household Distribution by Income Level	339,464	25.0	16.2	16.1	42.7	0.0
Median Family Income MSA - 23420 Fresno, CA MSA		\$49,999	Median Housing Value			\$187,488
Median Family Income MSA - 31460 Madera, CA MSA		\$49,272	Median Gross Rent			\$919
			Families Below Poverty Level			21.6%
Source: 2015 ACS Census and 2017 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 the 2017 D&B data, there were 51,848 businesses. GARs for these businesses are below.

- 84.0 percent have \$1 million or less;
- 5.6 percent have more than \$1 million; and
- 10.4 percent have unknown revenues.

CONCLUSIONS ON PERFORMANCE CRITERIA IN FRESNO-MADERA AA

The institution's Lending Test performance in the Fresno-Madera AA is consistent with the performance in the State of California. During the review period, the bank originated 1,523 consumer loans totaling \$20.1 million; 30 small business loans totaling \$2 million; and 2 multi-family loans totaling \$3.9 million in 2017 in the AA.

The following tables illustrate the bank's geographic and borrower distribution performance.

LENDING TEST

Geographic Distribution of Consumer Loans					
Assessment Area: Fresno-Madera AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2017	6.5	81	10.3	1,002	9.9
YTD 2018	6.5	71	9.6	970	9.7
Moderate					
2017	31.8	338	43.0	4,401	43.6
YTD 2018	31.8	336	45.6	4,532	45.2
Middle					
2017	23.6	209	26.6	2,699	26.8
YTD 2018	23.6	172	23.3	2,318	23.1
Upper					
2017	38.0	158	20.1	1,986	19.7
YTD 2018	38.0	157	21.3	2,198	21.9
Not Available					
2017	0.1	0	0.0	0	0.0
YTD 2018	0.1	1	0.1	12	0.1
Totals					
2017	100.0	786	100.0	10,088	100.0
YTD 2018	100.0	737	100.0	10,030	100.0
<i>Source: 2015 ACS Census; 1/1/2017 – 11/30/2018 Bank Data. Due to rounding, totals may not equal 100.0</i>					

Geographic Distribution of Multi-Family Loans						
Assessment Area: Fresno-Madera AA						
Tract Income Level	Multi-Family Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	15.9	16.0	0	0.0	0	0.0
Moderate						
2017	43.4	53.8	2	100.0	3,892	100.0
Middle						
2017	21.4	17.0	0	0.0	0	0.0
Upper						
2017	18.3	11.3	0	0.0	0	0.0
Not Available						
2017	1.0	1.9	0	0.0	0	0.0
Totals						
2017	100.0	100.0	2	100.0	3,892	100.0
<i>Source: 2015 ACS Census; 1/1/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, Due to rounding, totals may not equal 100.0</i>						

Geographic Distribution of Small Business Loans					
Assessment Area: Fresno-Madera AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2017	5.8	1	25.0	46	27.2
YTD 2018	5.9	2	7.7	218	11.6
Moderate					
2017	27.7	1	25.0	49	29.0
YTD 2018	27.6	5	19.2	336	17.9
Middle					
2017	22.5	2	50.0	74	43.8
YTD 2018	22.6	12	46.2	930	49.5
Upper					
2017	42.7	0	0.0	0	0.0
YTD 2018	42.8	7	26.9	395	21.0
Not Available					
2017	1.2	0	0.0	0	0.0
YTD 2018	1.2	0	0.0	0	0.0
Totals					
2017	100.0	4	100.0	169	100.0
YTD 2018	100.0	26	100.0	1,879	100.0
<i>Source: 2017 & 2018 D&B Data; 1/1/2017 - 10/31/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Fresno-Madera AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2017	84.0	4	100.0	169	100.0
YTD 2018	84.0	25	96.2	1,779	94.7
>1,000,000					
2017	5.6	0	--	0	0.0
YTD 2018	5.4	1	3.8	100	5.3
Revenue Not Available					
2017	10.4	0	--	0	0.00
YTD 2018	10.6	0	--	0	0.00
Totals					
2017	100.0	4	100.0	169	100.0
YTD 2018	100.0	26	100.0--	1,879	100.0
Source: 2017 & 2018 D&B Data; 1/1/2017 - 10/31/2018 Bank Data; Due to rounding, totals may not equal 100.0					

Distribution of Consumer Loans by Borrower Income Level					
Assessment Area: Fresno-Madera AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2017	25.0	1	10.0	12	9.4
YTD 2018	25.0	1	12.5	13	10.9
Moderate					
2017	16.2	3	30.0	35	27.3
YTD 2018	16.2	1	12.5	19	16.0
Middle					
2017	16.1	5	50.0	67	52.3
YTD 2018	16.1	1	12.5	13	10.9
Upper					
2017	42.7	1	10.0	14	10.9
YTD 2018	42.7	5	62.5	74	62.2
Not Available					
2017	0.0	0	0.0	0	0.0
YTD 2018	0.0	0	0.0	0	0.0
Totals					
2017	100.0	10	100.0	128	100.0
YTD 2018	100.0	8	100.0	119	100.0
Source: 2015 ACS Census; 1/1/2017 - 11/30/2018 Bank Data. Due to rounding, totals may not equal 100.0					

COMMUNITY DEVELOPMENT TEST

The institution's CD Test performance in the Fresno-Madera AA is consistent with the performance in the State of California. During the review period, the bank originated 12 CD loans in the AA totaling approximately \$18.9 million with affordable housing and economic development purpose. No qualified investments were made in the AA, although there were 5 donations totaling \$9,500 during the review period. The bank provided 25 instances of CD services for a total of 49 hours within the Fresno-Madera AA. Examiners considered the institution's capacity and the need and availability of such opportunities in the AA.

METROPOLITAN AREA RECEIVING LIMITED-SCOPE REVIEW

MODESTO-MERCED AA

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MODESTO-MERCED AA

The Modesto-Merced AA is contiguous consisting of Stanislaus and Merced Counties. The two counties fully compose the Modesto-Merced, California CSA #382. The CSA is comprised of two MSAs: 1) Modesto, MSA #33700 (Stanislaus County); and Merced, MSA #32900 (Merced County). This is a new AA since the previous evaluation. The institution operates one branch in the Modesto-Merced AA. This AA contains:

- 10.0 percent of the state's branches;
- 0.5 percent of the state's deposits;
- 2.1 percent of the state's multi-family loans;
- 5.2 percent of the state's small business loans;
- 14.8 percent of the state's consumer loans;
- 1.8 percent of the state's CD loans by dollar;
- A nominal percentage of the state's CD investments and donations by dollar (less than 0.0 percent); and
- 0.6 percent of the state's CD services by hours.

Economic and Demographic Data

The Modesto-Merced AA contains 143 census tracts of which 3.5 percent are low-, 32.9 percent are moderate-, 38.5 percent are middle-, and 25.2 percent are upper-income. The following table provides demographic information for the AA.

Demographic Information of the Assessment Area						
Assessment Area: Modesto-Merced AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	143	3.5	32.9	38.5	25.2	0.0
Population by Geography	791,252	3.0	27.1	40.2	29.7	0.0
Housing Units by Geography	264,232	2.8	27.1	39.2	30.9	0.0
Owner-Occupied Units by Geography	136,078	1.3	20.0	40.1	38.6	0.0
Occupied Rental Units by Geography	110,810	4.5	34.5	38.1	22.9	0.0
Vacant Units by Geography	17,344	3.3	35.6	38.8	22.4	0.0
Businesses by Geography	32,854	1.8	29.6	34.6	34.1	0.0
Farms by Geography	3,092	0.3	16.9	42.2	40.6	0.0
Family Distribution by Income Level	184,304	22.9	17.2	18.3	41.6	0.0
Household Distribution by Income Level	246,888	23.9	16.5	17.7	41.9	0.0
Median Family Income MSA - 32900 Merced, CA MSA		\$46,793	Median Housing Value			\$184,090
Median Family Income MSA - 33700 Modesto, CA MSA		\$55,611	Median Gross Rent			\$961
			Families Below Poverty Level			18.0%
Source: 2015 ACS Census and 2017 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 the 2017 D&B data, there were 32,854 businesses. GARs for these businesses are below.

- 83.6 percent have \$1 million or less;
- 5.4 percent have more than \$1 million; and
- 11.0 percent have unknown revenues.

CONCLUSIONS ON PERFORMANCE CRITERIA IN MODESTO-MERCED AA

The institution's Lending Test performance in the Modesto-Merced AA is consistent with the performance in the State of California. During the review period, the bank originated 739 consumer loans totaling \$9.1 million; 25 small business loans totaling \$1,230; and 1 multi-family loans totaling \$2.2 million.

The following tables illustrate the bank's geographic and borrower distribution performance.

LENDING TEST

Geographic Distribution of Consumer Loans					
Assessment Area: Modesto-Merced AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2017	2.7	22	5.4	250	5.3
YTD 2018	2.7	20	6.1	267	6.2
Moderate					
2017	26.5	135	32.8	1,574	33.2
YTD 2018	26.5	92	28.0	1,197	27.7
Middle					
2017	39.2	168	40.9	1,932	40.8
YTD 2018	39.2	142	43.3	1,865	43.1
Upper					
2017	31.5	86	20.9	984	20.8
YTD 2018	31.5	74	22.6	996	23.0
Not Available					
2017	0.0	0	0.0	0	0.0
YTD 2018	0.0	0	0.0	0	0.0
Totals					
2017	100.0	411	100.0	4,740	100.0
YTD 2018	100.0	328	100.0	4,325	100.0
Source: 2015 ACS Census; 1/1/2017 - 11/30/2018 Bank Data. Due to rounding, totals may not equal 100.0					

Geographic Distribution of Multi-Family Loans						
Assessment Area: Modesto-Merced AA						
Tract Income Level	Multi-Family Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	4.2	7.1	0	0.0	0	0.0
Moderate						
2017	42.1	52.4	1	100.0	2,180	100.0
Middle						
2017	31.0	23.8	0	0.0	0	0.0
Upper						
2017	22.7	16.7	0	0.0	0	0.0
Not Available						
2017	0.0	0.0	0	0.0	0	0.0
Totals						
2017	100.0	100.0	1	100.0	2,180	100.0
Source: 2015 ACS Census; 1/1/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, Due to rounding, totals may not equal 100.0						

Geographic Distribution of Small Business Loans						
Assessment Area: Modesto-Merced AA						
Tract Income Level	% of Businesses	#	%	\$(000s)	%	
Low						
2017	1.8	0	0.0	0		0.0
YTD 2018	1.8	0	0.0	0		0.0
Moderate						
2017	29.6	1	50.0	52		54.2
YTD 2018	29.5	10	43.5	447		39.4
Middle						
2017	34.6	0	0.0	0		0.0
YTD 2018	34.5	8	34.8	368		32.5
Upper						
2017	34.1	1	50.0	44		45.8
YTD 2018	34.1	5	21.7	319		28.1
Not Available						
2017	0.0	0	0.0	0		0.0
YTD 2018	0.0	0	0.0	0		0.0
Totals						
2017	100.0	2	100.0	96		100.0
YTD 2018	100.0	23	100.0	1,134		100.0
Source: 2017 & 2018 D&B Data; 1/1/2017 - 10/31/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0						

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Modesto-Merced AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2017	83.6	2	100.0	96	100.0
YTD 2018	83.6	22	95.7	1,091	96.2
>1,000,000					
2017	5.4	0	0.0	0	0.0
YTD 2018	5.2	1	4.3	43	3.8
Revenue Not Available					
2017	11.0	0	0.0	0	0.0
YTD 2018	11.2	0	0.0	0	0.0
Totals					
2017	100.0	2	100.0	96	100.0
YTD 2018	100.0	23	100.0	1,134	100.0
<i>Source: 2017 & 2018 D&B Data; 1/1/2017 - 10/31/2018 Bank Data; Due to rounding, totals may not equal 100.0</i>					

Distribution of Consumer Loans by Borrower Income Level					
Assessment Area: Modesto-Merced AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2017	23.9	2	40.0	22	43.1
YTD 2018	23.9	0	0.0	0	0.0
Moderate					
2017	16.5	2	40.0	21	41.2
YTD 2018	16.5	4	57.1	60	50.8
Middle					
2017	17.7	1	20.0	8	15.7
YTD 2018	17.7	2	28.6	34	28.8
Upper					
2017	41.9	0	0.0	0	0.0
YTD 2018	41.9	1	14.3	24	20.3
Not Available					
2017	0.0	0	0.0	0	0.0
YTD 2018	0.0	0	0.0	0	0.0
Totals					
2017	100.0	5	100.0	51	100.0
YTD 2018	100.0	7	100.0	118	100.0
<i>Source: 2015 ACS Census; 1/1/2017 - 11/30/2018 Bank Data. Due to rounding, totals may not equal 100.0</i>					

COMMUNITY DEVELOPMENT TEST

The institution's CD Test performance in the Modesto-Merced AA is consistent with the performance in the State of California. During the review period, the bank originated 1 CD loan in the AA totaling approximately \$2.2 million with an affordable housing purpose. No qualified investments were made in the AA, although there was 1 donation totaling \$2,500 during the review period. The bank provided 8 instances of CD services for a total of 13 hours within the Modesto-Merced AA. Examiners considered the institution's capacity and the need and availability of such opportunities in the AA.

METROPOLITAN AREA RECEIVING LIMITED-SCOPE REVIEW

SACRAMENTO AA

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SACRAMENTO AA

The Sacramento AA consists of Sacramento County, one of four counties that make up the Sacramento-Roseville-Arden-Arcade, California MSA #40900. This AA has been in place since the previous evaluation. The institution operates one branch in the Sacramento AA. This AA contains:

- 10.0 percent of the state's branches;
- 3.5 percent of the state's deposits;
- 8.5 percent of the state's multi-family loans;
- 4.8 percent of the state's small business loans;
- 2.0 percent of the state's consumer loans;
- 17.4 percent of the state's CD loans by dollar;
- 0.1 percent of the state's CD investments and donations by dollar; and
- 0.5 percent of the state's CD services by hours.

Economic and Demographic Data

The Sacramento AA contains 317 census tracts of which 13.2 percent are low-, 29.7 percent are moderate-, 32.5 percent are middle-, 24.3 percent are upper-income, and 0.3 percent have no income designation. The following table provides demographic information for the AA.

Demographic Information of the Assessment Area						
Assessment Area: Sacramento AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	317	13.2	29.7	32.5	24.3	0.3
Population by Geography	1,465,832	12.8	28.9	34.3	23.9	0.1
Housing Units by Geography	560,271	12.5	28.4	34.5	24.2	0.4
Owner-Occupied Units by Geography	289,606	6.9	24.4	36.0	32.7	0.1
Occupied Rental Units by Geography	232,990	18.6	33.2	32.9	14.6	0.6
Vacant Units by Geography	37,675	17.8	30.3	32.7	18.0	1.2
Businesses by Geography	91,233	12.6	25.9	30.6	27.9	3.0
Farms by Geography	1,914	8.7	25.8	32.5	32.0	1.0
Family Distribution by Income Level	343,209	26.7	17.3	18.6	37.4	0.0
Household Distribution by Income Level	522,596	27.0	16.3	17.6	39.1	0.0
Median Family Income MSA - 40900 Sacramento--Roseville-- Arden-Arcade, CA MSA		\$71,829	Median Housing Value			\$249,887
			Families Below Poverty Level			13.7%
			Median Gross Rent			\$1,062
Source: 2015 ACS Census and 2017 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 the 2017 D&B data, there were 91,233 businesses. GARs for these businesses are below.

- 85.4 percent have \$1 million or less;
- 4.7 percent have more than \$1 million; and
- 9.9 percent have unknown revenues.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SACRAMENTO AA

The institution's Lending Test performance in the Sacramento AA is consistent with the performance in the State of California. During the review period, the bank originated 99 consumer loans totaling \$1.5 million; 23 small business loans totaling \$4.7 million; and 4 multi-family loans totaling \$5.1 million in the AA.

The following tables illustrate the bank's geographic and borrower distribution performance.

LENDING TEST

Geographic Distribution of Consumer Loans					
Assessment Area: Sacramento AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low					
2017	12.1	6	22.2	75	22.1
YTD 2018	12.1	12	16.7	173	15.0
Moderate					
2017	28.3	13	48.1	163	48.1
YTD 2018	28.3	32	44.4	484	42.1
Middle					
2017	34.6	7	25.9	90	26.5
YTD 2018	34.6	24	33.3	416	36.2
Upper					
2017	24.6	1	3.7	11	3.2
YTD 2018	24.6	4	5.6	77	6.7
Not Available					
2017	0.3	0	0.0	0	0.0
YTD 2018	0.3	0	0.0	0	0.0
Totals					
2017	100.0	27	100.0	339	100.0
YTD 2018	100.0	72	100.0	1,150	100.0
Source: 2015 ACS Census; 1/1/2017 – 11/30/2018 Bank Data. Due to rounding, totals may not equal 100.0					

Geographic Distribution of Multi-Family Loans						
Assessment Area: Sacramento AA						
Tract Income Level	Multi-Family Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	19.9	28.6	4	100.0	5,128	100.0
Moderate						
2017	31.0	31.7	0	0.0	0	0.0
Middle						
2017	34.3	28.2	0	0.0	0	0.0
Upper						
2017	13.1	10.1	0	0.0	0	0.0
Not Available						
2017	1.7	1.3	0	0.0	0	0.0
Totals						
2017	100.0	100.0	4	100.0	5,128	100.0
<i>Source: 2015 ACS Census; 1/1/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, Due to rounding, totals may not equal 100.0</i>						

Geographic Distribution of Small Business Loans					
Assessment Area: Sacramento AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2017	12.6	1	11.1	22	0.7
YTD 2018	12.8	1	7.1	36	2.6
Moderate					
2017	25.9	4	44.4	1,228	37.4
YTD 2018	25.7	3	21.4	218	15.5
Middle					
2017	30.6	2	22.2	800	24.4
YTD 2018	30.3	9	64.3	1,089	77.5
Upper					
2017	27.9	1	11.1	935	28.5
YTD 2018	28.1	1	7.1	63	4.5
Not Available					
2017	3.0	1	11.1	300	9.1
YTD 2018	3.1	0	0.0	0	0.0
Totals					
2017	100.0	9	100.0	3,285	100.0
YTD 2018	100.0	14	100.0	1,406	100.0
<i>Source: 2017 & 2018 D&B Data; 1/1/2017 - 10/31/2018 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>					

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Sacramento AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2017	85.4	5	55.6	360	11.0
YTD 2018	85.1	13	92.9	656	46.7
>1,000,000					
2017	4.7	4	44.4	2,925	89.0
YTD 2018	4.6	1	7.1	750	53.3
Revenue Not Available					
2017	9.9	0	0.0	0	0.0
YTD 2018	10.2	0	0.0	0	0.0
Totals					
2017	100.0	9	100.0	3,285	100.0
YTD 2018	100.0	14	100.0	1,406	100.0
Source: 2017 & 2018 D&B Data; 1/1/2017 - 10/31/2018 Bank Data; Due to rounding, totals may not equal 100.0					

Distribution of Consumer Loans by Borrower Income Level					
Assessment Area: Sacramento AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low					
2017	27.0	0	0.0	0	0.0
YTD 2018	27.0	0	0.0	0	0.0
Moderate					
2017	16.3	1	50.0	16	48.5
YTD 2018	16.3	0	0.0	0	0.0
Middle					
2017	17.6	0	0.0	0	0.0
YTD 2018	17.6	0	0.0	0	0.0
Upper					
2017	39.1	1	50.0	17	51.5
YTD 2018	39.1	0	0.0	0	0.0
Not Available					
2017	0.0	0	0.0	0	0.0
YTD 2018	0.0	0	0.0	0	0.0
Totals					
2017	100.0	2	100.0	33	100.0
YTD 2018	100.0	0	0.0	0	0.0
Source: 2015 ACS Census; 1/1/2017 - 11/31/2018 Bank Data. Due to rounding, totals may not equal 100.0					

COMMUNITY DEVELOPMENT TEST

The institution's CD Test performance in the Sacramento AA is consistent with the performance in the State of California. The bank originated 8 CD loans in the Sacramento AA totaling approximately \$21.5 million with affordable housing and community service purposes. No qualified investments were made in the AA, although there were 13 donations totaling \$11,050 during the review period. The bank provided two instances of CD services for a total of nine hours within the Sacramento AA. Examiners considered the institution's capacity and the need and availability of such opportunities in the AA.

STATE OF OREGON

CRA RATING FOR OREGON: Outstanding.

The Lending Test is rated Satisfactory.

The Community Development Test is rated Outstanding.

SCOPE OF EVALUATION

The rating for the State of Oregon is based on a full-scope evaluation of the bank's performance in the Portland AA. BSB's performance within Oregon is consistent with the bank's overall performance. The review does not include consumer loans because they are not a major product in the State of Oregon. The bank did not originate any consumer loans in 2017 and made only 12 consumer loans totaling \$239,000 in 2018. Detailed information relating to the lending activities and retail operations were discussed earlier under the Scope of Evaluation and Description of Institution sections. Given the bank's volume of small business lending, by both number and dollar, compared to multi-family examiners placed more weight on small business lending in Oregon during this evaluation period. The previous evaluation also placed weight on the bank's small business performance.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN OREGON.

The Portland AA is comprised of a portion of the Portland-Vancouver-Hillsboro, Oregon MSA #38900, including the entireties of Clackamas, Multnomah, and Washington Counties. This represents three of the seven counties in the MSA. This AA was expanded to include Washington County since the previous evaluation. While a majority of the bank's branches, deposits and lending activities are located in the State of California, the State of Oregon contains six of the bank's branches and five of the bank's ATMs. This state contains:

- 35.3 percent of the bank's branches;
- 27.3 percent of the bank's deposits;
- 16.4 percent of the bank's HMDA loans;
- 30.4 percent of the bank's small business loans;
- 0.2 percent of the bank's consumer loans;
- 17.7 percent of the bank's CD loans by dollar;
- 1.2 percent of the bank's CD investments and donations by dollar; and
- 39.8 percent of the bank's CD services by hours.

Economic and Demographic Data

According to the 2015 ACS, the Portland AA contains 355 census tracts of which 2.5 percent are low-, 22.8 percent are moderate-, 40.8 percent are middle-, 33.0 percent are upper-, and 0.8 percent have no income designation.

The following table summarizes pertinent demographic information for the AA.

Demographic Information of the Assessment Area						
Assessment Area: Portland						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	355	2.5	22.8	40.8	33.0	0.8
Population by Geography	1,714,066	2.2	24.9	41.0	31.7	0.2
Housing Units by Geography	706,343	2.1	23.7	41.3	32.6	0.3
Owner-Occupied Units by Geography	393,840	0.9	18.9	42.6	37.6	0.0
Occupied Rental Units by Geography	272,777	3.8	30.6	39.3	25.6	0.7
Vacant Units by Geography	39,726	2.3	25.1	42.3	29.9	0.4
Businesses by Geography	158,562	3.0	19.7	36.7	37.4	3.1
Farms by Geography	4,425	1.6	14.5	49.3	33.7	0.8
Family Distribution by Income Level	411,935	21.2	16.7	20.0	42.1	0.0
Household Distribution by Income Level	666,617	24.4	15.9	17.7	42.1	0.0
Median Family Income MSA - 38900 Portland-Vancouver- Hillsboro, OR-WA MSA		\$73,089	Median Housing Value			\$302,370
			Families Below Poverty Level			9.5%
			Median Gross Rent			\$1,028
Source: 2015 ACS Census and 2017 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The bank's AA in this state contains 411,935 families. Of these families, 21.2 percent are low-income, 16.7 percent are moderate-income, 20.0 percent are middle-income, and 42.1 percent are upper-income. The portion of families with income below the poverty level is relatively high at 9.5 percent.

According to the 2017 D&B Data, there are 158,562 businesses in the AA, of which 87.4 percent have GARs of \$1 million or less, 4.9 percent have GARs greater than \$1 million, and the remaining 7.7 percent did not report revenues.

The service industry captures the most businesses in the AA with 44.9 percent; with some of the other largest businesses being retail trade at 11.4 percent; non-classifiable establishments at 13.98 percent; and finance, insurance, and real estate at 9.1 percent.

As of 2017, there are 706,343 housing units in the AA. Of these, 55.8 percent are owner-occupied, 38.6 percent are occupied rental units, and 5.6 percent are vacant units. Of the total housing units in the AA, 23.6 percent are multi-family units.

The following table illustrates the unemployment rates as reported by the BLS.

Unemployment Rates			
Assessment Area	2016	2017	November 2018
	%	%	%
Portland AA			
Clackamas County	3.5	3.5	3.7
Multnomah County	3.3	3.3	3.5
Washington County	3.2	3.1	3.3
Oregon	4.0	3.9	4.3
National Average	4.9	4.4	3.7
<i>Source: Bureau of Labor Statistics</i>			

As illustrated above, the Portland AA has seen an improving trend in the unemployment rate over the first two years of the review period with a slight uptick in 2018; however, the AA has had unemployment rates that are lower than the state and national average. In addition, the 2015 ACS data reveals that 9.5 percent of families in the Portland AA have incomes below the poverty level. The percentage of families with incomes lower than the poverty level can be an indicator of a reduced capacity to borrow, which can effectively limit a financial institution's ability to lend.

According to the November 2018 Moody's Analytics Report, the Portland-Vancouver-Hillsboro, Oregon-Washington MSA economy continues to experience growth, particularly in the information technology and manufacturing sectors. The areas job growth and hiring have kept up with a positive net migration trend. With the growth in population, multi-family housing permits have increased, while the single-family housing development market slowed. The three top employers in the area are Intel, Providence Health Systems, and Oregon Health & Science University.

Competition

The Portland AA is moderately competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2018, there were 32 financial institutions that operated 401 full-service branches within the Portland AA. Of these institutions, BSB had 0.51 percent deposit market share.

There is competition for multi-family loans among banks, and non-depository lenders in the AA. In 2017, aggregate lending data shows that 60 lenders originated or purchased 465 multi-family loans in the AA, indicating a degree of competition for this product. BSB had a market share of 2.2 percent by number of multi-family loans originated or purchased. The top 3 multi-family

lenders in the Portland AA are large banks and they accounted for 33.76 percent of the total multi-family loan market share.

There is a high level of competition for small business loans among banks in the AA. In 2017, aggregate lending data shows that 124 lenders originated 42,482 small business loans in the Portland AA, indicating a degree of competition for this product. The 5 most prominent small business lenders in the Portland AA are large national banks and accounted for 65.8 percent of the total small business loan market share. Since BSB is not required to report small business lending data, ranking information is not available for this product.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit and CD needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and CD opportunities are available.

Examiners contacted a representative of an affordable housing organization in the AA. The contact identified a significant level of opportunity for home mortgage loans for LMI individuals, consumer loans, as well as small business lending within the Portland metropolitan area. The contact noted a particular need for additional affordable housing, as the area's economy and population has grown from the recent technology boom, elevating home prices; however, area residents who are not in the technology industry are facing difficulties in finding affordable housing and keeping up with the price increases. In addition, the contact stated there are opportunities for local financial institutions to provide financial literacy courses and to partner with CDFIs and affordable housing intermediaries to achieve goals of helping the local population find and secure affordable housing loans. Overall, the contact indicated that large and regional financial institutions have been responsive to the credit and CD needs.

Credit and Community Development Needs and Opportunities

Considering information from the community contact, bank management, and demographic and economic data, examiners determined that small business and multi-family loans represent a primary credit need for the AA. Opportunities exist for originating such loans, as demonstrated by the significant percentage of businesses with GARs of \$1 million or less, and by the large percentage of businesses with 4 or fewer employees. Furthermore, as indicated by demographic and economic data, the AA has CD needs including affordable housing, economic development, community services, and revitalization and stabilization.

CONCLUSIONS ON PERFORMANCE CRITERIA IN OREGON

BSB's performance for the AA in the State of Oregon is rated "Outstanding", based primarily on its performance in the CD lending and service activity during the review period. Detailed analyses are provided in the applicable sections.

LENDING TEST

BSB demonstrated reasonable performance under the Lending Test in the State of Oregon. Geographic Distribution and Borrower Profile lending performance primarily support this conclusion. This level of performance is consistent with the bank-wide performance. The following sections address the bank's performance by Lending Test component throughout the state.

Geographic Distribution

BSB's geographic distribution of loans reflects reasonable dispersion of lending throughout the Portland AA. The bank's reasonable small business geographic distribution performance primarily supports this conclusion. As stated earlier, small business lending carries more weight in this AA.

Multi-family Loans

The geographic distribution of multi-family loans reflects excellent dispersion throughout the AA. The following table reflects the geographic distribution of multi-family lending in the AA for 2017 by tract income level. This table also includes comparative demographic data regarding the percentages of multi-family housing units in the AA by tract income level, based on 2015 ACS data. In addition, the 2017 HMDA aggregate lending data is included for comparison purposes. HMDA aggregate lending data represents the lending activity of all institutions subject to HMDA reporting in a particular area.

As indicated in the table below, in 2017 the bank originated 10.0 percent of its multi-family loans in low-income CTs, which exceeds both comparable demographic data (4.2 percent) and aggregate lending data (7.9 percent). The bank's multi-family lending in moderate-income CTs (50.0 percent) exceeds both comparable demographic data (28.3 percent) and aggregate lending data (38.7 percent). Overall, BSB's multi-family lending reflects an excellent dispersion of lending in LMI CTs in the AA.

Geographic Distribution of Multi-Family Loans						
Assessment Area: Portland						
Tract Income Level	Multi-Family Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	4.2	7.9	1	10.0	605	4.1
Moderate						
2017	28.3	38.7	5	50.0	8,475	57.3
Middle						
2017	34.4	30.2	2	20.0	1,675	11.3
Upper						
2017	31.8	23.2	2	20.0	4,046	27.3
Not Available						
2017	1.2	0.0	0	0.0	0	0.0
Totals						
2017	100.0	100.0	10	100.0	14,801	100.0
<i>Source: 2015 ACS Census; 1/1/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available; Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. The following table reflects the geographic distribution of small business lending in the AA for 2017 and YTD 2018 by tract income level. This table also includes comparative demographic data regarding the percentages of businesses in the AA by tract income level, based on 2017 D&B data. As stated earlier, the 2017 aggregate data is also referenced to understand loan demand but not used to primary compare the bank's performance. During the current evaluation period, the 2018 small business aggregate data is not yet available. Overall, the bank's small business lending reflects reasonable penetration among businesses of different revenue sizes.

In 2017, the bank's lending performance in low-income CTs, at 0.8 percent, is less than the percentage of business (3.0 percent) and aggregate data (2.8 percent). However, the percentage of businesses in the low-income CTs represents a very small portion of the percentage of businesses in the AA. The lending performance in moderate-income CTs at 22.6 percent exceeds the percentage of businesses (19.7 percent) and aggregate data (20 percent).

In 2018, the bank's lending performance in low-income CTs, at 1.2 percent, is slightly below the percentage of businesses (3.0 percent). Aggregate lending data for 2018 is not available. The lending performance in moderate-income CTs shows an upward trend at 14.3 percent, and is slightly less than the percentage of businesses (20.0 percent). Overall, the level of lending demonstrated reasonable responsiveness to the small business credit needs of the LMI CTs in the AA, given the product lines offered by the institution.

Geographic Distribution of Small Business Loans						
Assessment Area: Portland						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Low						
	2017	3.0	1	0.8	75	0.3
	2018	3.0	1	1.2	322	1.7
Moderate						
	2017	19.7	30	22.6	7,086	28.5
	2018	20.0	12	14.3	3,638	19.6
Middle						
	2017	36.7	54	40.6	9,848	39.6
	2018	36.7	35	41.7	9,183	49.4
Upper						
	2017	37.4	44	33.1	7,617	30.6
	2018	37.3	31	36.9	4,421	23.8
Not Available						
	2017	3.1	4	3.0	261	1.0
	2018	3.1	5	6.0	1,026	5.5
Totals						
	2017	100.0	133	100.0	24,887	100.0
	2018	100.0	84	100.0	18,590	100.0
Source: 2017 & 2018 D&B Data; 1/1/2017 - 10/31/2018 Bank Data; Due to rounding, totals may not equal 100.0						

Borrower Profile

BSB's distribution of borrowers, given the product lines offered by the institution, reflects reasonable penetration among businesses of different revenue sizes. The bank's reasonable performance in small business lending supports this conclusion. This conclusion is only based on small business lending performance. Examiners focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less.

Small Business Loans:

The distribution of small business loan borrowers reflects, given the demographics of the AA, reasonable penetration among businesses of different revenue sizes. The bank's performance at 55.6 percent was below demographic data, but exceeded aggregate lending data (53.3 percent) in 2017. A slight upward trend from 2017 to 2018 is noted. The following table reflects the distribution of small business loans reviewed based on the gross revenue level of the businesses, and it includes comparative demographic data regarding the percentages of businesses within the AA.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Portland					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2017	87.5	74	55.6	11,944	48.0
YTD 2018	87.5	50	59.5	9,542	51.3
>1,000,000					
2017	4.9	52	39.1	12,268	49.3
YTD 2018	4.7	32	38.1	8,579	46.1
Revenue Not Available					
2017	7.7	7	5.3	675	2.7
YTD 2018	7.8	2	2.4	469	2.5
Totals					
2017	100.0	133	100.0	24,887	100.0
YTD 2018	100.0	84	100.0	18,590	100.0
<i>Source: 2017 & 2018 D&B Data; 1/1/2017 - 10/31/2018 Bank Data; Due to rounding, totals may not equal 100.0</i>					

COMMUNITY DEVELOPMENT TEST

BSB's performance demonstrated excellent responsiveness to CD needs in its Portland AA, through qualified loans, investments, and services considering the institution's capacity, and the need and availability of such opportunities.

Community Development Loans

BSB originated or renewed 25 CD loans totaling approximately \$31.3 million, up from \$900,000 at the previous evaluation. This represents 17.7 percent by dollar volume of the total CD lending of the bank. The following table presents the bank's CD loan activity in the state during the evaluation period.

Table 6 - Community Development Lending in Portland AA by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Partial 2016	--	--	--	--	--	--	--	--	--	--
2017	14	24,694	2	100	2	2,493	--	--	18	27,287
2018	5	3,855	2	165	--	--	--	--	7	4,020
Total	19	28,549	4	265	2	2,493	0	0	25	31,307
Source: Bank Records										

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

- A \$1.3 million loan to a Latino CDC focused on strengthening families by providing affordable housing, homeownership support, economic advancement, and educational opportunities. The CDC owns and operates 381 units of affordable housing, serving an estimated 2,000 residents throughout Portland, 70 percent of which are first- or second-generation Latino immigrants.
- A \$5 million commitment to a CDFI loan fund focused on flexible financing, strategic partnerships, and creative solutions that expand and preserve affordable housing in Oregon.

Qualified Investments

BSB did not make any qualified CD investments in this AA during the evaluation period. However, the bank made 87 qualified CD donations totaling \$133,550 during the review period. Specifically, 18 donations for \$38,750 were made with an affordable housing purpose; 53 donations for \$80,800 were made with a community service purpose, and 16 donations for \$14,000 were made with an economic development purpose.

Community Development Services

In the review period, there were 75 services performed for a total of 1,544 hours. 36 had a community services purpose for a total of 605 hours, and 39 had an economic development purpose for a total of 939 hours.

Community Development Services Hours in Portland AA by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Partial 2016	--	13	2	--	15
2017	--	222	533	--	755
2018	--	370	404	--	774
Total	0	605	939	0	1,544
<i>Source: Bank Records</i>					

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

- An employee serves on the Board of a non-profit serving LMI youth and their families through 40 different programs designed to improve quality of life and ensure safe and healthy communities.
- An employee serves on the Board of a non-profit providing an array of technical assistance programs to small businesses, including access to capital, business planning, market research, bookkeeping, and mentoring. In addition, the organization provides Individual Development Accounts and small business loans.

STATE OF WASHINGTON

CRA RATING FOR WASHINGTON: Satisfactory.

The Lending Test is rated Satisfactory.

The Community Development Test is rated Satisfactory.

SCOPE OF EVALUATION

The rating for the State of Washington is based on a full-scope evaluation of the bank's performance in the Seattle AA. BSB's performance within Washington is consistent with the bank's overall performance. The review does not include consumer loans because they are not a major product in the State of Washington. The bank did not originate any consumer loans in 2017 and made 8 consumer loans totaling \$172,000 in 2018. Detailed information relating to the lending activities and retail operations were discussed earlier under the Scope of Evaluation and Description of Institution sections. Examiners placed more weight on small business lending in Washington during this evaluation period.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WASHINGTON.

The Seattle AA is comprised of the entirety of the Seattle-Bellevue-Everett, Washington MD #42644, including King and Snohomish Counties. This AA was in place at the previous evaluation. While a majority of the bank's branches, deposits and lending activities are in the State of California, the State of Washington contains:

- 5.9 percent of the bank's branches;
- 5.5 percent of the bank's deposits;
- 6.5 percent of the bank's HMDA loans;
- 2.1 percent of the bank's small business loans;
- 0.1 percent of the bank's consumer loans;
- 12.4 percent of the bank's CD loans by dollar;
- 21.9 percent of the bank's CD investments and donations by dollar; and
- 8.6 percent of the bank's CD services by hours.

Demographic and Economic Data

According to the 2015 ACS, the Seattle AA contains 549 census tracts of which 5.6 percent are low-, 22.8 percent are moderate-, 41.5 percent are middle-, 29.1 percent are upper-, and 0.9 percent have no income designation.

The following table summarizes pertinent demographic information for the AA of the state.

Demographic Information of the Assessment Area						
Assessment Area: Seattle						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	549	5.6	22.8	41.5	29.1	0.9
Population by Geography	2,792,409	6.0	22.9	41.3	29.5	0.3
Housing Units by Geography	1,165,983	5.8	22.4	41.2	30.4	0.2
Owner-Occupied Units by Geography	651,888	3.0	18.1	44.8	34.1	0.0
Occupied Rental Units by Geography	442,529	9.7	28.4	36.2	25.3	0.4
Vacant Units by Geography	71,566	6.7	24.7	40.5	27.9	0.2
Businesses by Geography	210,986	6.0	19.2	37.3	37.0	0.5
Farms by Geography	4,430	3.8	17.3	45.8	33.0	0.1
Family Distribution by Income Level	675,378	21.5	17.5	20.6	40.4	0.0
Household Distribution by Income Level	1,094,417	24.1	16.1	17.8	42.0	0.0
Median Family Income MSA - 42644 Seattle-Bellevue-Everett, WA MD		\$92,317	Median Housing Value			\$380,393
			Median Gross Rent			\$1,228
			Families Below Poverty Level			6.9%
Source: 2015 ACS Census and 2017 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.						

The bank's AA in this state contains 675,378 families. Of these families, 21.5 percent are low-income, 17.5 percent are moderate-income, 20.6 percent are middle-income, and 40.4 percent are upper-income. The portion of families with income below the poverty level is 6.9 percent.

According to the 2017 D&B Data, there are 210,986 businesses in the Seattle AA, of which 85.6 percent have GARs of \$1 million or less, 5.6 percent have GARs greater than \$1 million, and the remaining 8.8 percent did not report revenues. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level.

The services industry captures the most businesses in the AA with 50.6 percent; with some of the other largest businesses being retail trade at 12.2 percent; finance, insurance, and real estate at 8.2 percent; and construction at 7.2 percent.

As of 2017, there are 1,165,983 housing units in the AA. Of these, 56.0 percent are owner-occupied, 38.0 percent are occupied rental units, and 6.0 percent are vacant units. Of the total housing units in the AA, 29.0 percent are multi-family units.

The following table illustrates the unemployment rates as reported by the BLS.

Unemployment Rates			
Assessment Area	2016	2017	December 2018
	%	%	%
Seattle AA			
Seattle-Bellevue-Everett, WA MD	3.6	3.6	3.4
Washington	4.9	4.6	4.5
National Average	4.9	4.4	3.7
<i>Source: Bureau of Labor Statistics</i>			

As illustrated above, the Seattle AA has seen an improving trend in the unemployment rate over the review period; the MSA has had unemployment rates that are lower than the state and national average. The 2015 ACS data reveals that 6.9 percent of families in the AA have incomes below the poverty level. The percentage of families with incomes lower than the poverty level can be an indicator of a reduced capacity to borrow, which can effectively limit a financial institution's ability to lend.

According to the November 2018 Moody's Analytics Report, the Seattle-Bellevue-Everett, Washington MSA economy continues to experience growth, particularly in the information technology, professional/business services, and trade industries which have been leading the gains. However, multi-family permits have been flat, and the manufacturing sector is shedding jobs. The three top employers in the area are Boeing, Amazon, and Microsoft.

Natural disasters have affected the Seattle AA during the review period. Specifically, FEMA designated King County a disaster area due to flooding in 2017.

Competition

The Seattle AA is competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2018, there were 46 financial institutions that operated 711 full-service branches within the AA. Of these institutions, BSB had 0.05 percent deposit market share.

There is competition for multi-family loans among banks, and non-depository lenders in the AA. In 2017, aggregate lending data shows that 81 lenders originated or purchased 831 multi-family loans in the AA, indicating a degree of competition for this product. BSB had a market share of 0.48 percent by number of multi-family loans originated or purchased. The top 3 multi-family lenders in the Seattle AA are large banks and they accounted for 33.21 percent of the total multi-family loan market share.

Finally, there is competition for small business loans among banks in the AA. In 2017, aggregate lending data shows that 121 lenders originated 66,735 small business loans in the Seattle AA, indicating a degree of competition for this product. The five most prominent small business lenders in the AA are large national banks and accounted for 67.93 percent of the total

small business loan market share. Since BSB is not required to report small business lending data, ranking information is not available for this product.

Community Contact

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit and CD needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and CD opportunities are available.

Examiners contacted a representative of a city government office that connects small businesses to various resources they may need while starting a business. The contact stated that there are state laws that prohibit the organization from using general public or city funds to provide direct support to small businesses, effectively imposing structural limitations to providing funding to small businesses. The contact stated that the primary credit need of the Seattle AA is flexible financing for businesses that are not bankable. In addition, small businesses are in need of working capital loans as many are forced out of the area because they can't raise enough capital. The contact stated there is a need for stronger connection between banks and governmental organizations to discuss serving LMI communities and small businesses.

Regarding CD projects or financing program opportunities in the area, the contact stated that there is potential for banks to partner up with the City of Seattle in loan programs to finance economic development projects they originally may not have considered.

Credit and Community Development Needs and Opportunities

Considering information from bank management, and demographic and economic data, examiners determined that small business and multi-family loans represent a primary credit need for the AA. Opportunities exist for originating such loans, as demonstrated by the significant percentage of businesses with GARs of \$1 million or less, and by the large percentage of businesses with 4 or fewer employees. Furthermore, as indicated by demographic and economic data, the AA has CD needs including affordable housing, economic development, community services, and revitalization and stabilization.

CONCLUSIONS ON PERFORMANCE CRITERIA IN WASHINGTON

LENDING TEST

BSB demonstrated reasonable performance under the Lending Test in the State of Washington. Geographic Distribution and Borrower Profile lending performance primarily support this conclusion. This level of performance is consistent with the bank-wide performance. The following sections address the bank's performance by Lending Test component throughout the state.

Geographic Distribution

BSB's geographic distribution of loans reflects reasonable dispersion of lending throughout the Seattle AA. The bank's reasonable small business Geographic Distribution and Borrower Profile performance primarily supports this conclusion.

Multi-family Loans

The geographic distribution of multi-family loans reflects reasonable dispersion throughout the AA. The following table reflects the geographic distribution of multi-family lending in 2017 for Washington State by tract income level. The table also includes comparative demographic data regarding the percentages of multi-family housing units in the AA by tract income level, based on the 2015 ACS data. In addition, the 2017 HMDA aggregate lending data is included for comparison purposes. HMDA aggregate lending data represents the lending activity of all institutions subject to HMDA reporting in a particular area.

The bank did not originate any multi-family loans in the low-income CTs in 2017, however, a very small portion of the percentage of multi-family housing units in the AA is located in the low-income CTs (10 percent). Further, as demonstrated by the aggregate performance, there is limited opportunity to provide home mortgage lending in the low-income CTs of the AA. In 2017, BSB's lending performance in moderate-income CTs, at 25.0 percent, approximates but is slightly below the percentage of multi-family housing units (26.8 percent) and aggregate data (29.7 percent). Overall, the level of lending has increased from the previous evaluation and the bank has demonstrated reasonable responsiveness to the multi-family credit needs in the LMI CTs in the AA.

Geographic Distribution of Multi-Family Loans						
Assessment Area: Seattle						
Tract Income Level	Multi-Family Units	Aggregate Performance % of #	#	%	\$ (000s)	%
Low						
2017	10.1	9.6	0	0.0	0	0.0
Moderate						
2017	26.8	29.7	1	25.0	350	8.6
Middle						
2017	33.5	31.9	3	75.0	3,697	91.4
Upper						
2017	29.0	28.4	0	0.0	0	0.0
Not Available						
2017	0.6	0.4	0	0.0	0	0.0
Totals						
2017	100.0	100.0	4	100.0	4,047	100.0
<i>Source: 2015 ACS Census; 1/1/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "---" data not available; Due to rounding, totals may not equal 100.0</i>						

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. The following table reflects the geographic distribution of small business lending in Washington State for 2017 and YTD 2018 by tract income level. This table also includes comparative demographic data regarding the percentages of businesses in the AA by tract income level, based on the 2017 D&B data.

The bank did not originate any small business loans in the low-income CTs in 2017 or 2018, however, a very small portion of the percentage of businesses in the AA is located in the low-income CTs (6.0 percent).

In 2017, the bank's lending performance in moderate-income CTs, at 45.5 percent, significantly exceeds the percentage of businesses (19.2 percent) and aggregate data (18.3 percent). The bank did not originate any small business loans in LMI CTs in 2018. As previously mentioned, small business lending represents a small portion of the Seattle AA lending percentage (2.1 percent). The bank's better performance in moderate-income census tracts in 2017 compensates for the bank's weaker performance in low-income census tracts. Overall, the level lending demonstrates reasonable responsiveness to the small business credit needs of the LMI CTs in the AA, given the product lines offered by the institution.

Geographic Distribution of Small Business Loans					
Assessment Area: Seattle					
Tract Income Level		% of Businesses	#	%	\$(000s)
Low					
2017		6.0	0	0.0	0
2018		6.0	0	0.0	0
Moderate					
2017		19.2	5	45.5	2,167
2018		19.2	0	0.0	0
Middle					
2017		37.3	6	54.5	2,374
2018		37.4	2	50.0	380
Upper					
2017		37.0	0	0.0	0
2018		36.9	2	50.0	65
Not Available					
2017		0.5	0	0.0	0
2018		0.5	0	0.0	0
Totals					
2017		100.0	11	100.0	4,541
2018		100.0	4	100.0	445
<i>Source: 2017 & 2018 D&B Data; 1/1/2017 - 10/31/2018 Bank Data; Due to rounding, totals may not equal 100.0</i>					

Borrower Profile

BSB's distribution of borrowers, given the product lines offered by the institution, reflects reasonable penetration among businesses of different revenue sizes. The bank's reasonable performance in small business lending supports this conclusion. Examiners focused on the percentage by number of small business loans to businesses with GARs of \$1 million or less.

Small Business Loans:

The distribution of small business loan borrowers reflects, given the demographics of the Seattle AA, reasonable penetration among businesses of different revenue sizes. The bank's performance at 27.3 percent was below demographic (at 85.6 percent) and aggregate lending data (at 50.4 percent) in 2017. A strong upward trend from 2017 to 2018 is noted, and the margin is getting closer to demographic data. Both the bank and aggregate lending data were below demographic data in 2017. The following table reflects the distribution of small business loans reviewed based on the gross revenue level of the businesses, and it includes comparative demographic data regarding the percentages of businesses within the AA by gross revenue category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Seattle					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2017	85.6	3	27.3	1,124	24.8
YTD 2018	86.1	3	75.0	395	88.8
>1,000,000					
2017	5.6	8	72.7	3,417	75.2
YTD 2018	5.2	1	25.0	50	11.2
Revenue Not Available					
2017	8.8	0	0.0	0	0.0
YTD 2018	8.7	0	0.0	0	0.0
Totals					
2017	100.0	11	100.0	4,541	100.0
YTD 2018	100.0	4	100.0	445	100.0
Source: 2017 & 2018 D&B Data; 1/1/2017 - 10/31/2018 Bank Data; Due to rounding, totals may not equal 100.0					

COMMUNITY DEVELOPMENT TEST

BSB's performance demonstrated reasonable responsiveness to CD needs in its Seattle AA, through qualified loans, investments, and services considering the institution's capacity, and the need and availability of such opportunities.

Community Development Loans

BSB originated or renewed 13 CD loans totaling approximately \$21.9 million, up from \$5.1 million at the previous evaluation. This represents 12.4 percent of the CD loans by dollar volume of the bank. The following table presents the bank's CD loan activity in the state during the evaluation period.

Community Development Lending in Seattle AA by Year										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Partial 2016	3	5,360	--	--	1	100	--	--	4	5,460
2017	3	3,235	--	--	1	100	--	--	4	3,335
2018	3	8,900	1	4,132	1	100	--	--	5	13,132
Total	9	17,495	1	4,132	3	300	0	0	13	21,927
<i>Source: Bank Records</i>										

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

- A \$7 million loan to fund 95 units of deed-restricted affordable housing.
- A \$4.1 million loan to a non-profit serving LMI youth impacted by substance abuse or mental health disorders.

Qualified Investments

BSB held a qualified investment totaling approximately \$2.5 million that benefited Washington statewide and had an affordable housing purpose through the WCRA. The bank also made 22 qualified donations totaling \$20,250 to organizations that had affordable housing, community services, and economic development purposes. Specifically, 10 of the CD donations had an affordable housing purpose and totaled \$8,250; 8 had a community service purpose and totaled \$6,250; and 4 has an economic development purpose and totaled \$5,750.

Community Development Services

During the review period, bank personnel performed 23 CD services for a total of 333 hours. Five had an affordable housing purpose for a total of 104 hours; 10 had a community services purpose for a total of 143 hours, and; 8 had an economic development purpose for a total of 86 hours.

Community Development Services in Seattle AA by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Partial 2016	--	15	8	--	23
2017	36	45	12	--	93
2018	68	83	66	--	217
Total	104	143	86	0	333
<i>Source: Bank Records</i>					

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

- An employee serves on the Board of a non-profit that provides affordable housing and services for the homeless population in Snohomish County.
- An employee serves on the Lending Committee of a non-profit providing loans to small businesses and micro-enterprises.

APPENDIX

SCOPE OF EVALUATION

SCOPE OF EVALUATION			
TIME PERIOD REVIEWED	June 7, 2016 to January 22, 2019		
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
beneficial state bank			Multi-family loans; Small Business Loans; Consumer Loans; CD Loans, Investments, and Services
AFFILIATE(S)			
Not reviewed			NA

LIST OF ASSESSMENT AREAS AND TYPE OF EVALUATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Los Angeles AA	Full-Scope	None	None
Visalia-Porterville-Hanford AA	Full-Scope	None	None
Bakersfield AA	Limited-Scope	None	None
Bay Area AA	Limited-Scope	None	None
Fresno-Madera AA	Limited-Scope	None	None
Modesto-Merced AA	Limited-Scope	None	None
Sacramento AA	Limited-Scope	None	None
Oregon- Portland AA	Full-Scope	None	None
Washington- Seattle AA	Full-Scope	None	None

SUMMARY OF STATE AND MULTISTATE METROPOLITAN AREA RATINGS

STATE OR MULTISTATE METROPOLITAN AREA NAME	LENDING TEST RATING	COMMUNITY DEVELOPMENT TEST RATING	OVERALL STATE RATING
California	Satisfactory	Outstanding	Outstanding
Oregon	Satisfactory	Outstanding	Outstanding
Washington	Satisfactory	Satisfactory	Satisfactory

APPENDIX B - GLOSSARY

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

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

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

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

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

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

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms;
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or
- (5) Enable or facilitate projects or activities that address needs regarding foreclosed or abandoned residential properties in designated target areas.

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 multi-family 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).

Family Income: Includes the income of all members of a family that are age 15 and older.

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 Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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: 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.