

# **PUBLIC DISCLOSURE**

October 16, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Republic Bank of Chicago  
Certificate Number: 19333

2221 Camden Ct  
Oak Brook, Illinois 60523

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

300 South Riverside Plaza, Suite 1700  
Chicago, Illinois 60606

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

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## INSTITUTION RATING

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

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

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			X
Low Satisfactory	X	X	
Needs to Improve			
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

**The Lending Test is rated Low Satisfactory.**

- Lending levels reflect adequate responsiveness to credit needs in the AA.
- An adequate percentage of loans were originated in the institution’s AA.
- The geographic distribution of loans reflects adequate penetration throughout the AA.
- The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among business customers of different sizes.
- The institution has made an adequate level of community development loans.
- The bank makes limited use of innovative and/or flexible lending practices in order to serve credit needs in the AA.

**The Investment Test is rated Low Satisfactory.**

- The institution has an adequate level of qualified community development investments and grants.
- The institution exhibits adequate responsiveness to credit and community development needs.
- The institution occasionally uses innovative and/or complex investments to support community development initiatives.

**The Service Test is rated High Satisfactory.**

- Delivery systems are reasonably accessible to essentially all portions of the institution's AA.
- To the extent changes have been made, the institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals.
- Services, including business hours, do not vary in a way that inconveniences portions of the AA, particularly LMI geographies and/or individuals.
- The institution is a leader in providing community development services.

## **DESCRIPTION OF INSTITUTION**

Republic Bank of Chicago (RBOC) is a commercial bank and wholly-owned subsidiary of Republic Bancorp, a one-bank holding company in Oak Brook, Illinois. RBOC has no other affiliates. RBOC received an overall "satisfactory" rating at its previous FDIC Performance Evaluation as of November 9, 2020, based on Large Institution CRA Examination Procedures.

Including its main office, the bank operates from 19 offices throughout the Chicagoland area, of which six (31.6 percent) are located in LMI census tracts. Since the previous evaluation, one branch was opened, located in a middle-income geography; one branch was closed, located in a moderate-income geography, and one branch was relocated, from a moderate-income geography to a middle-income geography.

The bank offers a variety of traditional loan and deposit products to serve both consumer and business customers. Deposit products consist of checking and savings accounts, as well as certificates of deposit and individual retirement accounts. Consumer credit products include home equity lines of credit, overdraft lines of credit, and unsecured consumer loans. Home mortgage lending is offered for non-owner occupied investment properties, including 1-4 family and multi-family dwellings. Commercial credit products include commercial mortgage loans and lines of credit, small dollar commercial lines up to \$5,000, and small business loans with immediate funding up to \$250,000. The bank has developed a niche market in originating loans nationwide for professional practice acquisitions, as well as money service businesses such as currency exchanges. Other services include internet banking, mobile banking, safe deposit boxes, and remote deposit capture for commercial customers. All of the bank's locations offer banking services through automated teller machine (ATMs).

According to the June 30, 2023, Consolidated Reports of Condition and Income, RBOC reported total assets of \$2.7 billion, net loans of \$1.6 billion, and total deposits of \$2.2 billion, yielding a net loan-to-deposit ratio of 73.8 percent and a net loan-to-asset ratio of 61.3 percent. Additionally, RBOC's investment portfolio totaled \$661.7 million, which represents 24.7 percent of total assets. RBOC's investment portfolio more than doubled since the last CRA evaluation. RBOC experienced growth in assets and volume of loans since the previous CRA evaluation. Total assets increased \$414 million, or 18.3 percent, while loans increased \$91.4 million, or 5.8 percent. Loan

growth by dollar volume has been mainly in commercial and industrial loans. This growth was offset by declines in residential and construction and land development lending. The bank’s loan portfolio as of June 30, 2023, illustrates that 61.5 percent is composed of loans secured by real estate, and is diversified between construction and land development, commercial, and residential lending. Commercial lending, including commercial real estate loans, is the largest credit product representing 65.7 percent of the loan portfolio. The bank’s loan portfolio concentrations as of June 30, 2023, are detailed in the following table:

<b>Loan Portfolio Distribution as of 06/30/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	256,400	15.3
Secured by Farmland	183	0.0
Secured by 1-4 Family Residential Properties	138,960	8.3
Secured by Multifamily (5 or more) Residential Properties	172,467	10.3
Secured by Nonfarm Nonresidential Properties	460,840	27.6
<b>Total Real Estate Loans</b>	<b>1,028,850</b>	<b>61.5</b>
Commercial and Industrial Loans	635,967	38.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	1,119	0.1
Obligations of State and Political Subdivisions in the U.S.	2,759	0.2
Other Loans	1,604	0.1
Lease Financing Receivable (net of unearned income)	281	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>1,670,580</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

There are no financial, legal, or other impediments that would limit the institution’s ability to meet the credit needs of its AA.

## **DESCRIPTION OF ASSESSMENT AREA**

The CRA requires each financial institution to define one or more AA within which its CRA performance will be evaluated. RBOC designated a single AA comprised of the five contiguous counties of Cook, DuPage, Will, Kane, and Lake in the Chicago-Naperville-Elgin Metropolitan Statistical Area (Chicago MSA). The AA includes three Metropolitan Divisions (MDs). The counties are Cook, DuPage, and Will in the Chicago-Naperville-Arlington Heights Metropolitan Division (Chicago MD); Kane County in the Elgin, IL Metropolitan Division (Elgin MD), and Lake County in the Lake County-Kenosha County, IL-WI Metropolitan Division (Lake MD). The AA is consistent with the requirements of the CRA, as it consists of whole geographies, does not arbitrarily exclude LMI geographies, and includes all geographies where the bank’s branches and deposit-taking ATMs are located. The following sections discuss demographic and economic information for the AA.

**Economic and Demographic Data**

The AA includes 1,987 census tracts. These tracts reflect the following income designations according to the 2020 U.S. Census Data:

- 242 low-income tracts,
- 465 moderate-income tracts,
- 607 middle-income tracts,
- 649 upper-income tracts, and
- 24 census tracts with no income designation.

The following table illustrates select demographic characteristics of the AA using 2020 US Census data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,987	12.2	23.4	30.5	32.7	1.2
Population by Geography	8,135,637	9.4	23.3	32.5	34.2	0.6
Housing Units by Geography	3,258,938	9.7	22.7	32.4	34.8	0.5
Owner-Occupied Units by Geography	1,898,876	4.8	18.9	35.5	40.6	0.3
Occupied Rental Units by Geography	1,099,836	15.7	28.4	28.7	26.4	0.8
Vacant Units by Geography	260,226	19.9	25.7	25.7	27.9	0.8
Businesses by Geography	931,233	6.1	17.2	30.5	45.7	0.5
Farms by Geography	11,683	4.9	19.7	34.3	40.8	0.3
Family Distribution by Income Level	1,911,892	23.4	16.5	19.0	41.1	0.0
Household Distribution by Income Level	2,998,712	25.6	15.3	16.8	42.4	0.0
Median Family Income MSA - 16984 Chicago-Naperville-Evanston, IL		\$92,622	Median Housing Value			\$287,724
Median Family Income MSA - 20994 Elgin, IL		\$97,326	Median Gross Rent			\$1,243
Median Family Income MSA - 29404 Lake County-Kenosha County, IL-WI		\$105,876	Families Below Poverty Level			8.2%
<i>Source: 2020 U.S. Census and 2022 D&amp;B Data. Due to rounding, totals may not equal 100.0%.            (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The table above reflects lower levels of owner-occupied housing units in LMI geographies (23.7 percent) within the AA and higher concentrations of rental units (44.1percent). This data highlights opportunity for financial institutions to originate non-owner occupied investment loans. The Geographic Distribution criterion compares owner-occupied home mortgage loans to the distribution of owner-occupied housing units, commercial-purpose non-owner occupied home mortgage loans to the distribution of occupied rental units, and non-owner occupied multi-family loans to the distribution of occupied multi-family units.

A comparison of demographic data between the 2015 American Community Survey (ACS) and the 2020 US Census data shows the population grew by 57,053. The number of census tracts increased by 64, and the number of LMI tracts decreased by 3.4 percent. The median housing value increased \$38,327, and the median family income increased \$17,598 in the Chicago MD, \$16,427 in the Elgin MD, and \$18,739 in the Lake MD. The level of families below the poverty level decreased by 2.5 percent.

According to 2022 D&B data, 931,233 businesses operated in the AA. The table above shows only 6.1 percent of the businesses are located in low-income census tracts and 17.2 percent are in moderate-income census tracts. The analysis under the Geographic Distribution criterion compares the distribution of small business loans by geography to the percentage of businesses located in each geography. This data highlights some of the challenges financial institutions face in originating small business loans in these geographies.

The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenues (GARs). The GARs of businesses operating in the AA in 2022 are as follows:

- 89.6 percent report \$1.0 million or less,
- 3.9 percent report greater than \$1 million, and
- 6.5 percent did not report revenues to D&B.

Service industries represent the largest portion of businesses in the AA at 32.9 percent followed by finance, insurance, and real estate (10.1 percent); retail trade (9.1 percent); transportation and communication (6.1 percent); and construction (5.4 percent). In addition, 56.3 percent of businesses have four or fewer employees, and 92.7 percent operate from a single location.

The following table outlines unemployment rates in the AA Counties, in the State of Illinois, and nationally. The COVID-19 pandemic had a considerable impact on local and global environments. The temporary closures of non-essential businesses that began in March 2020 caused significant hardships for both individuals and businesses. The COVID-19 pandemic triggered dramatic increases in statewide and national unemployment rates. As reflected in the table, unemployment rates began improving in 2021, and continued to decline in 2022. Although overall AA unemployment rates increased slightly in 2023, they remain significantly lower than in 2020.

Unemployment Rates				
Area	2020	2021	2022	August 2023
	%	%	%	%
Cook County, IL	10.6	6.9	5.0	5.2
DuPage County, IL	7.6	4.5	3.6	4.0
Kane County, IL	9.3	6.0	4.5	5.8
Will County, IL	9.2	5.7	4.6	4.9
Lake County, IL	8.2	5.4	4.2	5.7
Illinois	9.3	6.1	4.6	4.1
National Average	8.1	5.3	3.6	3.8
<i>Source: Bureau of Labor Statistics</i>				

### **Competition**

RBOC’s AA is highly competitive in the market for financial services. Data from the FDIC Deposit Market Share Report as of June 30, 2023, shows 1,858 offices of 133 financial institutions operating within the AA. RBOC maintains a 0.42 percent deposit market share in the AA, ranking 24th among all institutions. Larger national financial institutions operating offices within the AA hold the majority of the market share.

Aggregate small business lending data provides insight into the level of demand for small business loans within the AA. Aggregate lending data for 2021 shows 336 lenders reported 285,860 small business loan originations, indicating a high degree of competition for this loan product. RBOC ranked 44<sup>th</sup>, capturing 0.21 percent of the market share by number.

Additionally, a high level of competition in the AA exists for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. Given that nearly all home mortgage loans originated by RBOC are non-owner occupied, examiners compared RBOC to aggregate data that included only investment properties. According to the 2022 aggregate data, 480 lenders reported 14,528 non-owner occupied home mortgage originations. RBOC ranked 12<sup>th</sup>, capturing 1.68 percent of the market share by number.

### **Community Contacts**

As part of the evaluation process, examiners contact third parties active within the AA to assist in identifying credit needs and opportunities within the AA. This information helps assess whether local financial institutions are responsive to those needs. For this evaluation, examiners reviewed three recent community contacts with non-profit organizations focusing on small business, affordable housing, and credit counseling within the bank’s AA. The contacts stated that needs exist for small dollar consumer and business loans, start-up capital, affordable housing, and financial education for consumers and entrepreneurs.

### **Credit and Community Development Needs and Opportunities**

Considering the information from the community contacts, discussions with management, and demographic data, examiners determined that there are community development needs for

affordable housing, small business lending, and financial literacy for small businesses and retail customers in the AA. The relatively high level of LMI families along with the percentage of businesses with revenues of \$1.0 million or less supports these needs.

The AA provides numerous opportunities for involvement in community development activities. The Chicago metropolitan area contains empowerment zones and tax increment financing districts designated by local or state government entities for revitalization, stabilization, or economic development. These areas were established to stimulate economic activities that include job preservation and creation, as well as business and residential development. Additionally, the State of Illinois and local community organizations sponsor various programs to support affordable housing and small business lending initiatives.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the previous evaluation dated November 9, 2020, to the current evaluation dated October 16, 2023. Examiners used the Large Institution CRA Examination Procedures to evaluate RBOC's CRA performance. These procedures include three tests: the Lending Test, Investment Test, and Service Test. The criteria for these procedures are listed in the Appendix.

The bank's overall rating is determined using a points system as defined in the Community Reinvestment Act regulation. Banks must achieve at least a Low Satisfactory rating under the Lending Test to obtain an overall Satisfactory rating.

### **Activities Reviewed**

Examiners determined that the bank's major product lines are small business loans and home mortgage loans. During the evaluation period, the bank originated a larger portion of small business loans (by number and dollar volume) than home mortgage loans. Therefore, small business loans carry greater weight in arriving at overall conclusions for the purposes of this evaluation. Small farm and consumer lending was not evaluated, as the volume is nominal and provide no material support for conclusions or ratings.

The universe of small business loans reported by the bank pursuant to the CRA data collection reporting requirements during the review period in 2021 and 2022 were reviewed. RBOC originated 775 small business loans totaling \$127.9 million in 2021, and 311 loans totaling \$102.0 million in 2022. The increased small business lending in 2021 is due to the bank's participation in the Small Business Administration (SBA) Paycheck Protection Program (PPP). In 2021, PPP originations accounted for 486 loans totaling \$55.2 million.

Home mortgage loans subject to Home Mortgage Disclosure Act (HMDA) reporting requirements were reviewed for 2021 and 2022. RBOC originated 232 home mortgage loans totaling \$59.8 million in 2021 and 283 loans totaling \$67.4 million in 2022. The vast majority of the bank's home mortgage loans are non-owner occupied 1-4 family and multi-family loans; therefore, the bank's home mortgage performance is discussed separately by loan type and compared to respective

demographic and aggregate lending data that provide a better picture of the bank's performance. Further, examiners placed greater emphasis on non-owner occupied 1-4 family home mortgage loans given the volume compared to the other home mortgage product types.

Examiners compared the bank's home mortgage lending performance against the 2021 and 2022 HMDA aggregate lending data. Additionally, demographic data from the 2015 ACS data provided the measure of comparison for the bank's home mortgage lending in 2021, while the 2020 U.S. Census was used as a comparison for the bank's home mortgage lending in 2022. Examiners compared the bank's 2021 small business lending performance against 2021 aggregate small business loan data. The 2022 aggregate small business lending data was not available for review as of the evaluation date. Examiners also considered business demographic data from D&B for the corresponding years when drawing conclusions. Examiners focused more on the comparison to aggregate data because it reflects the demand and opportunities for originating loans in the AA. Further, while both number and dollar volume of loans were considered, discussion of the bank's performance is limited to loans by number, as performance by dollar volume led to similar conclusions.

The evaluation includes community development loans, qualified investments, and services initiated or maintained since the previous CRA evaluation. Investments made before the prior evaluation that remain outstanding are included at the current book values as prior period investments. Examiners evaluated the quantitative levels of community development loans, investments, and services based on RBOC's financial capacity, as well as the qualitative impact on the AA.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The institution's lending performance is low satisfactory given the AA's credit needs, the bank's financial capacity, business focus, and innovative lending practices. RBOC's adequate performance under the Lending Activity, Assessment Area Concentration, Geographic Distribution, and Community Development lending criterion supports this rating.

#### **Lending Activity**

Lending levels reflect adequate responsiveness to the credit needs of the AA. During the last two calendar years, RBOC originated 483 home mortgage loans totaling \$121.0 million and 765 small business loans totaling \$123.3 million within the AA. Furthermore, the bank originated 72 community development loans totaling \$88.6 million during the evaluation period.

Comparing the bank's market share in both home mortgage and small business lending to its deposit market share allows for a comparison of the bank's lending relative to its capacity. According to the 2023 FDIC Summary of Deposit data, RBOC maintains a deposit share that ranks 24<sup>th</sup> among 133 banks (82<sup>nd</sup> percentile). RBOC's non-owner occupied home mortgage lending by number of loans ranked 12<sup>th</sup> among 480 lenders (or in the 98<sup>th</sup> percentile of lenders) based on 2022 home mortgage market share loan data, while small business lending by number of loans ranked 44<sup>th</sup> among 336 lenders (or in the 87<sup>th</sup> percentile of lenders) based on 2021 small business market share

data. Both of these exceed the bank’s deposit market share, which indicates that the bank’s lending levels are good.

The bank’s lending activity is adequate considering the level of home mortgage loans, level of small business lending, and the dollar volume of community development loans in the AA.

**Assessment Area Concentration**

An adequate percentage of loans, by number and dollar volume, were made in the AA during the review period. The following table shows the distribution of the bank’s home mortgage and small business loans inside and outside of the AA by year.

<b>Lending Inside and Outside of the Assessment Area</b>											
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>	
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>			
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>		
Home Mortgage											
2021	216	93.1	16	6.9	232	56,036	93.7	3,762	6.3	59,797	
2022	267	94.3	16	5.7	283	65,006	96.5	2,358	3.5	67,364	
<b>Subtotal</b>	<b>483</b>	<b>93.8</b>	<b>32</b>	<b>6.2</b>	<b>515</b>	<b>121,042</b>	<b>95.2</b>	<b>6,120</b>	<b>4.8</b>	<b>127,161</b>	
Small Business											
2021	588	75.9	187	24.1	775	80,578	63.0	47,273	37.0	127,851	
2022	177	56.9	134	43.1	311	42,747	41.9	59,240	58.1	101,987	
<b>Subtotal</b>	<b>765</b>	<b>70.4</b>	<b>321</b>	<b>29.6</b>	<b>1,086</b>	<b>123,325</b>	<b>53.7</b>	<b>106,513</b>	<b>46.3</b>	<b>229,838</b>	
<b>Total</b>	<b>1,248</b>	<b>78.0</b>	<b>353</b>	<b>22.0</b>	<b>1,601</b>	<b>244,367</b>	<b>68.5</b>	<b>112,633</b>	<b>31.5</b>	<b>356,999</b>	
<i>Source: Bank Data. Due to rounding, totals may not equal 100.0%</i>											

**Geographic Distribution**

The geographic distribution reflects adequate penetration throughout the AA. The bank’s small business and home mortgage performance supports this conclusion. The analysis considered only loans in the AA.

**Small Business Lending**

The geographic distribution of small business loans reflects adequate penetration throughout the AA. Examiners compared the percentage of small business loans to the relative percentage of businesses by census tract income level (demographic) and aggregate data, as shown in the following table.

Geographic Distribution of Small Business Loans						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	6.4	7.2	32	5.4	6,729	8.4
2022	6.1	--	6	3.4	1,825	4.3
Moderate						
2021	17.3	19.5	115	19.6	16,119	20.0
2022	17.2	--	48	27.1	12,651	29.6
Middle						
2021	27.6	29.6	189	32.1	24,601	30.5
2022	30.5	--	63	35.6	14,044	32.9
Upper						
2021	48.3	43.4	252	42.9	33,129	41.1
2022	45.7	--	60	33.9	14,227	33.3
Not Available						
2021	0.5	0.3	0	0.0	0	0.0
2022	0.5	--	0	0.0	0	0.0
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>588</b>	<b>100.0</b>	<b>80,578</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>177</b>	<b>100.0</b>	<b>42,747</b>	<b>100.0</b>
<i>Source: 2021 &amp; 2022 D&amp;B Data; Bank Data; 2020 &amp; 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

The bank's performance in low-income tracts slightly trails aggregate performance in 2021 and the demographic for both years. However, opportunities are limited based on the low level of businesses in low-income tracts. In addition, the level of competition is high as several national and regional banks maintain offices within low-income tracts in the AA, and RBOC does not have any branches located in low-income tracts. These factors reflect the difficulties RBOC faces in originating small business loans in this geography. Given these factors and that the bank's performance only slightly trails aggregate performance, small business lending in low-income tracts is adequate.

Within moderate-income tracts, the bank's performance in 2021 is similar to aggregate performance and exceeds demographic data. The bank's performance in 2022 increased and significantly exceeds demographic data. Six of the bank's 19 branches are located in moderate-income tracts. Given the bank's performance compared to aggregate and increased lending levels in 2022, small business lending in moderate-income tracts is adequate. The overall performance in LMI tracts is adequate.

**Home Mortgage Lending**

The geographic distribution of home mortgage loans represents adequate dispersion throughout the AA. As previously mentioned, the bank originates non-owner occupied 1-4 family and multi-family loans. Therefore, the bank’s performance is discussed separately by loan type and compared to respective demographic and aggregate lending data.

**Non-Owner Occupied 1-4 Family Loans**

The geographic distribution of non-owner occupied 1-4 family home mortgage loans in the table below reflects adequate dispersion by census tract income level throughout the AA. Although performance in low-income tracts is poor, adequate performance in moderate-income tracts supports this conclusion.

<b>Geographic Distribution of Non-Owner Occupied 1-4 Family Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Occupied Rental Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2021	17.9	8.9	9	4.6	1,669	5.2
2022	15.7	11.4	10	4.3	745	2.0
<b>Moderate</b>						
2021	30.2	22.6	52	26.4	6,179	19.3
2022	28.4	26.9	62	26.4	7,018	18.6
<b>Middle</b>						
2021	25.5	30.7	80	40.6	10,749	33.5
2022	28.7	32.7	102	43.4	13,718	36.3
<b>Upper</b>						
2021	25.8	37.3	56	28.4	13,451	42.0
2022	26.4	28.6	61	26.0	16,280	43.1
<b>Not Available</b>						
2021	0.7	0.4	0	0.0	0	0.0
2022	0.8	0.4	0	0.0	0	0.0
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>197</b>	<b>100.0</b>	<b>32,047</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>235</b>	<b>100.0</b>	<b>37,762</b>	<b>100.0</b>
<i>Source: 2015 ACS, 2020 U.S. Census; Bank Data, 2021 and 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

The bank’s performance in low-income tracts is poor. RBOC’s performance significantly trails the aggregate performance and demographic data for both years. As previously mentioned, the bank does not have any branches located in low-income tracts, but four branches are located within a

two-mile radius of low-income tracts. Opportunities are available based on aggregate performance and the level of rental units in low-income tracts; therefore, the bank’s performance is poor.

The bank’s performance in moderate-income tracts is good. The bank’s performance exceeds aggregate performance in 2021 and is in line with 2022 aggregate performance. The bank’s performance slightly trails demographic data for both years; however, greater emphasis is placed on comparison to aggregate data as it better reflects the level of demand and availability of opportunities. As previously mentioned, six branches are located in moderate-income tracts. Given the good performance in moderate-income tracts, the overall performance in LMI tracts is adequate.

***Non-owner occupied Multi-Family Loans***

The geographic distribution of non-owner occupied multi-family home mortgage loans in the table below reflects excellent dispersion by census tract income level throughout the AA.

<b>Geographic Distribution of Non-Owner Occupied Multifamily Home Mortgage Loans</b>						
<b>Tract Income Level</b>	<b>% of Multifamily Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2021	11.8	21.1	5	26.3	7,469	31.1
2022	10.0	16.0	3	33.3	2,338	27.7
Moderate						
2021	23.6	31.2	8	42.1	9,304	38.8
2022	21.6	28.5	2	22.2	2,275	27.0
Middle						
2021	27.2	22.7	2	10.5	2,175	9.1
2022	29.7	29.3	2	22.2	2,459	29.2
Upper						
2021	36.4	24.5	4	21.1	5,041	21.0
2022	37.9	25.2	1	11.1	1,000	11.9
Not Available						
2021	1.0	0.5	0	0.0	0	0.0
2022	0.8	1.0	1	11.1	360	4.3
<b>Totals</b>						
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>23,989</b>	<b>100.0</b>
<b>2022</b>	<b>100.0</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>8,432</b>	<b>100.0</b>
<i>Source: 2015 ACS, 2020 U.S. Census; Bank Data, 2021 and 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

RBOC’s performance in low-income tracts significantly exceeds aggregate performance in both years. Given that the bank does not have any branch locations in low-income census tracts, this performance is excellent.

The bank’s performance in moderate-income tracts also exceeds aggregate performance in 2021. The bank’s performance in 2022 slightly trails aggregate performance; however, it exceeds the comparable percentage of multi-family units. Overall, the bank’s performance in moderate-income tracts is excellent.

The bank’s performance of non-owner occupied multi-family loans in LMI tracts is excellent, but this conclusion is based on a low volume of loans. As such, it carries less weight than non-owner occupied 1-4 family loans when arriving at overall conclusions.

***Owner-Occupied Home Mortgage Loans***

RBOC does not offer owner-occupied 1-4 family home mortgage loans; however, the bank purchased 23 owner-occupied loans in 2022 in the AA for investment purposes. Of the 23, there were no loans in LMI tracts. Given the nominal volume of this loan product during the evaluation period, no meaningful conclusions could be drawn.

**Borrower Profile**

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among business customers of different sizes. No conclusions were drawn regarding the home mortgage lending given that a significant majority of the loans originated were to borrowers with an income designation of “not applicable” which is typical for investment purpose and multi-family home mortgage loans.

***Small Business Lending***

The distribution of loans to borrowers reflects good penetration among businesses of different sizes. Examiners focused on the bank’s record of lending to businesses with GARs of \$1 million or less. The following table details the distribution of small business loans by GAR level.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
≤\$1,000,000						
2021	86.7	43.2	284	48.3	23,840	29.6
2022	89.6	--	90	50.8	14,914	34.9
>\$1,000,000						
2021	5.1	--	196	33.3	49,562	61.5
2022	3.9	--	87	49.2	27,833	65.1
Revenue Not Available						
2021	8.2	--	108	18.4	7,176	8.9

2022	6.5	--	0	0.0	0	0.0
<b>Totals</b>						
2021	100.0	100.0	588	100.0	80,578	100.0
2022	100.0	--	177	100.0	42,747	100.0
<i>Source: 2021 and 2022 D&amp;B Data; Bank Data; 2021 CRA Aggregate Data; "--" data not available.  Due to rounding, totals may not equal 100.0%.</i>						

RBOC’s performance exceeded aggregate performance in 2021. The bank’s performance slightly increased in 2022; however, aggregate data for 2022 is not yet available for comparison. Considering the bank’s performance in 2021 compared to aggregate data and increased lending performance in 2022, the overall performance is good.

**Innovative or Flexible Lending Practices**

RBOC makes limited use of innovative and and/or flexible lending practices to serve its AA’s credit needs. A summary of RBOCs innovative or flexible loan products is listed below.

**Quick Line of Credit**

The bank continues to offer the Quick Line of Credit product to small businesses for working capital needs. The \$5,000 limit on these lines of credit streamlines the application process and reduces the burden on small businesses. Since the last evaluation, the bank originated 30 of these loans totaling \$150,000.

**SBA 504 Loans**

The bank continues to offer small business loans through the SBA, including SBA 504 loans that have a primary purpose of economic development. During the evaluation period, the bank originated three SBA 504 loans totaling \$2.3 million.

**Employee Relief Loans**

RBOC created an Employee Relief Loan product to support and assist any employees affected by COVID-19. Loans amounts are limited to \$2,500 at a 0.00 percent annual percentage rate with a term of 27 months. During the evaluation period, the bank made 66 loans totaling \$161,500, of which 85 percent were to LMI individuals.

**Paycheck Protection Program (PPP) Loans**

The Paycheck Protection Program is an SBA loan program that resulted from the federal government’s response to the COVID-19 pandemic. These loans are designed to provide a direct incentive for small businesses to keep their workers on the payroll. The bank made 486 loans PPP loans totaling \$55.2 million during the evaluation period.

**Community Development Loans**

RBOC made an adequate level of community development loans in the AA. The bank originated 75 community development loans totaling \$88.6 million during the evaluation period, which represents 5.9 percent of average net loans. This represents an increase in community development

lending from the previous evaluation when the bank reported 52 loans totaling \$61.4 million (4.2 percent of average net loans).

Examiners compared RBOC’s community development lending to the performance of four similarly situated banks (SSBs) operating in the AA. RBOC’s performance was similar to the SSBs’ community development lending activities that averaged 6.6 percent with a range from 5.5 to 7.3 percent of average net loans. The following table illustrates RBOC’s community development lending within the AA during the review period.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2020	2	3,116	0	0.0	0	0	2	1,300	4	4,416
2021	18	15,757	0	0	6	20,027	7	12,101	31	47,885
2022	9	4,015	1	1,382	4	2,841	14	14,954	28	23,192
YTD 2023	6	7,193	0	0	2	2,340	4	3,534	12	13,067
<b>Total</b>	<b>35</b>	<b>30,081</b>	<b>1</b>	<b>1,382</b>	<b>12</b>	<b>25,208</b>	<b>27</b>	<b>31,889</b>	<b>75</b>	<b>88,560</b>

*Source: Bank Data*

Examples of RBOC’s community development loans include:

- The properties underlying the affordable housing loans comprised approximately 500 housing units with rental rates affordable for LMI families. These loans demonstrate the bank’s responsiveness to this community development need identified by a community contact.
- A \$4.7 million dollar loan to purchase and remodel a 274-room hotel that supports economic development by creating jobs for LMI individuals in the AA.
- A \$4 million dollar construction line of credit to purchase and rehabilitate 20 condominium units in a low-income area that supports revitalization and stabilization in the AA.

**INVESTMENT TEST**

RBOC’s investment performance is Low Satisfactory given the community needs, the bank’s financial capacity and business focus, investment and grant activities, and availability of investment opportunities.

**Investment and Grant Activity**

RBOC has an adequate level of qualified community development investments and grants, although rarely in a leadership position. RBOC made 283 qualified community development investments, grants, and donations totaling approximately \$43.3 million during the evaluation period. This includes 17 prior period investment balances totaling approximately \$10 million, 86 new investments totaling approximately \$32.6 million, and 180 donations totaling \$661,000. Total qualified investments and grants represents 8.5 percent of average total securities, and 16.7 percent of average equity capital. This level represents an increase in dollars of total investments from the prior evaluation when RBOC reported \$28.6 million or 13 percent of average total securities.

RBOC’s level of investments is consistent with the performance of the aforementioned SSBs. The SSBs’ community development investments averaged 15.9 percent of average total securities with a range of 1.7 to 35.1 percent. The following table provides additional details regarding the bank’s investment and donation activity by year and purpose.

<b>Qualified Investments</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	8	8,522	0	0	0	0	9	1,523	17	10,045
2020	1	95	0	0	0	0	6	764	7	859
2021	3	561	0	0	8	1,964	11	2,793	22	5,318
2022	4	9,004	0	0	8	1,971	32	9,221	44	20,196
YTD 2023	1	135	1	2,800	10	2,474	1	800	13	6,209
<b>Subtotal</b>	<b>17</b>	<b>18,317</b>	<b>1</b>	<b>2,800</b>	<b>26</b>	<b>6,409</b>	<b>59</b>	<b>15,101</b>	<b>103</b>	<b>42,627</b>
Qualified Grants & Donations	27	104	110	371	26	138	17	48	180	661
<b>Total</b>	<b>44</b>	<b>18,421</b>	<b>111</b>	<b>3,171</b>	<b>52</b>	<b>6,547</b>	<b>76</b>	<b>15,149</b>	<b>283</b>	<b>43,288</b>

*Source: Bank Data*

The following are examples of more qualitatively significant investments the bank held or made during the evaluation period:

- RBOC developed a program allowing local municipalities to sell municipal bond issues directly to the bank. These municipal bond issues are non-rated and small in size. Thus, the general market either has little interest in purchasing them or requires a higher-than-market rate. Although there are state and federal grants available to them, they require a potential project to be fully paid in advance of receiving the grant money. The program allows RBOC to underwrite the credit similarly to loans without the need for extensive work or cost to the municipality. During the review period, RBOC originated 51 bonds totaling approximately \$16.4 million to 12 municipalities that are comprised primarily of LMI census tracts. These bonds support the municipalities’ efforts to revitalize and stabilize their communities.
- Two mortgage-backed securities within the evaluation period totaling \$8.8 million. These investments support affordable housing because the collateral is comprised of mortgage loans to LMI borrowers in the AA.
- Funded approximately \$965,000 of a \$3 million commitment to purchase mortgage-backed notes from a qualified organization that fosters affordable housing by rehabilitating multi-family properties in LMI areas within the AA.

**Responsiveness to Credit and Community Development Needs**

RBOC exhibits good responsiveness to credit and community development needs of the AA. As previously stated, affordable housing is an identified need within the bank’s AA, and the bank’s investment activity is responsive to this need.

**Community Development Initiatives**

RBOC occasionally uses innovative and/or complex investments to support community development initiatives. The municipal bond program discussed above is an example of an innovative community development initiative.

**SERVICE TEST**

An overall assessment of High Satisfactory is assigned to the bank’s services, considering its retail services and leadership in providing community development services.

**Accessibility of Delivery Systems**

Delivery systems are reasonably accessible to essentially all portions of RBOC’s AA. Including the main office, the bank has 19 full-service offices in the AA. The bank has six branches located in moderate-income census tracts, and the remaining thirteen branches are located in middle- and upper-income census tracts. While RBOC has no branches in low-income tracts, only 6.0 percent of all bank branches in the AA are located in low-income tracts. The bank has a significantly higher percentage of branches in moderate-income tracts than competing banks in the AA. At 31.6 percent, RBOC’s moderate-income branches exceed both the population and percentage of moderate-income tracts in the AA. The following table provides additional details.

<b>Branch Distribution by Geography Income Level</b>								
<b>Tract Income Level</b>	<b>Census Tracts</b>		<b>Population</b>		<b>All Bank Branches</b>		<b>RBOC Branches</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	242	12.2	760,879	9.4	124	6.1	0	0.0
Moderate	465	23.4	1,896,966	23.3	336	16.6	6	31.6
Middle	607	30.5	2,646,668	32.5	638	31.6	9	47.4
Upper	649	32.7	2,785,023	34.2	918	45.4	4	21.0
NA	24	1.2	46,101	0.6	6	0.3	0	0.0
<b>Totals</b>	<b>1,987</b>	<b>100.0</b>	<b>8,135,637</b>	<b>100.0</b>	<b>0</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census &amp; Bank Data, 2021 FDIC Summary of Deposits, Bank Data. Due to rounding, totals may not equal 100.0%.</i>								

All offices provide ATMs and have convenient banking hours with extended hours on Friday and Saturday. RBOC also provides banking services through online banking and bill pay, telephone banking, and mobile deposit. In addition, RBOC continues to offer a limited-purpose checking product through its relationships with money service businesses. This product allows the 19,110 participating customers to establish direct deposits for their government or payroll payments that can be cashed at money service business locations, providing a low-cost alternative for unbanked/underbanked customers. Of the total number of participating customers, 11,608 (60.7 percent) reside in the AA; of these customers, 8,933 (77 percent) reside in LMI tracts in the AA.

**Changes in Branch Locations**

The bank’s opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies, or to LMI individuals. During the evaluation period, RBOC opened one branch located in a middle-income tract, and closed one branch located in an upper-income tract. The bank also relocated one branch from a moderate-income tract to a middle-income tract. The relocated branch is 1.3 miles from its prior location and continues to serve the same community, as well as surrounding moderate-income tracts.

**Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences portions of the AA, particularly LMI geographies or individuals. Overall, branch hours are generally consistent among the bank’s branches and comparable with other local financial institutions operating in the areas in which RBOC’s branches are located. The bank offers drive-up services at nine of its twelve locations, including all RBOC’s branches that are in moderate-income tracts. All products offered by the bank are offered at all branches.

**Community Development Services**

RBOC is a leader in providing community development services. Bank employees participated in 879 qualifying community development activities among 68 organizations totaling 3,367 hours during the evaluation period. This level of community development services represents an increase from the previous evaluation when bank employees participated in 758 activities totaling 2,561 hours. RBOC’s volume of activities significantly exceeded the level of services provided by the aforementioned SSBs that ranged from 54 to 334 activities.

<b>Community Development Services</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020	2	6	6	0	<b>14</b>
2021	6	131	81	0	<b>218</b>
2022	11	179	158	0	<b>348</b>
YTD 2023	21	105	173	0	<b>299</b>
<b>Total</b>	<b>40</b>	<b>421</b>	<b>418</b>	<b>0</b>	<b>879</b>

*Source: Bank Data*

Some notable examples of RBOC’s community development services include the following:

- 134 employees provided approximately 1,253 hours of financial literacy education to students at primarily low-income schools throughout the AA.
- 30 employees provided 275 hours of tax preparation assistance to low-income clients of a non-profit organization offering tax assistance and financial literacy programs.
- A Branch Manager serves as the chair of a non-profit organization that provides business development resources targeted to start-up and recently formed small businesses. In addition to serving on the board, the employee also provides one-on-one financial literacy training to entrepreneurs.

- A senior lending officer serves on the loan committee of a non-profit organization that provides microfinance loans to minority owned small businesses.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

## APPENDICES

### LARGE BANK PERFORMANCE CRITERIA

#### **Lending Test**

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

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

#### **Investment Test**

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

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

## **Service Test**

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

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

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

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

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

## GLOSSARY

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

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

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

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

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

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

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

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
  - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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

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

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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

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

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

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

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

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

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

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

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

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

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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