

PUBLIC DISCLOSURE

November 6, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Marin
Certificate Number: 32779

504 Redwood Boulevard, Suite 100
Novato, California 94947

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

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

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.

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREAS.....	4
SCOPE OF EVALUATION.....	4
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	13
SAN FRANCISCO ASSESSMENT AREA – Full-Scope Review	14
SACRAMENTO ASSESSMENT AREA – Full-Scope Review	31
AMADOR ASSESSMENT AREA – Limited-Scope Review	42
APPENDICES	44
LARGE BANK PERFORMANCE CRITERIA	44
SCOPE OF EVALUATION	46
DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS.....	47
GLOSSARY	49

INSTITUTION RATING

INSTITUTION’S COMMUNITY REINVESTMENT ACT (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			
Low Satisfactory	X	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 AA credit needs.
- A substantial majority of loans are made in the institution's AAs.
- The geographic distribution of loans reflects adequate penetration throughout the AAs.
- Given the product lines offered by the institution, the distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different revenue sizes.
- The institution exhibits an adequate record of serving the credit needs of the most economically disadvantaged areas of its AAs, low-income individuals, and very small businesses, consistent with safe and sound banking practices.
- The institution has made an adequate level of community development (CD) loans.
- The institution makes limited use of innovative or flexible lending practices in order to serve the AAs credit needs.

The Investment Test is rated Low Satisfactory.

- The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits good responsiveness to credit and community economic development needs.
- The institution occasionally uses innovative and/or complex investments to support CD initiatives.

The Service Test is rated Low Satisfactory.

- Delivery systems are 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/or to LMI individuals.
- Services and business hours do not vary in a way that inconveniences certain portions of the AAs, particularly LMI geographies and/or individuals.
- The institution provides an adequate level of CD services.

DESCRIPTION OF INSTITUTION

Bank of Marin (BOM) is a state-chartered, non-member bank headquartered in Novato, California, since January 23, 1990. The bank is wholly owned by Bank of Marin Bancorp and maintains no other affiliate or subsidiary relationships relevant to the CRA Evaluation. The previous FDIC CRA Evaluation, dated January 19, 2021, assigned the bank an overall "Satisfactory" rating using Interagency Large Institution Examination Procedures

In August 2021, BOM acquired American River Bank (ARB), a predominantly commercial bank with headquarters in Sacramento, California (CA). BOM acquired approximately \$916.0 million of ARB total assets, including branch deposits and performing loans. The merger added 10 branches and 1 commercial loan production office (LPO) to BOM's branch network. The ARB LPO was closed on the day of the BOM acquisition.

As of the evaluation date, BOM operates 27 full-service branch offices across 5 counties in northern California. BOM also continues to operate two commercial LPOs located in Marin and San Mateo Counties. Since the previous evaluation, management consolidated operations and closed five branches: one branch in Amador, one branch in Marin County, one branch in Napa County, and two branches in Sonoma County. The majority of BOMs deposit taking and lending operations, as well as its market share presence are conducted through the legacy branch office locations in Marin, San Francisco, Sonoma, Napa, and Alameda counties.

BOM is predominately a commercial bank, focusing on relationship-based banking approach targeting privately held businesses, professionals, and non-profits. Since the previous evaluation,

the bank’s primary business focus remains unchanged with a focus on commercial lending. BOM provides business banking, commercial lending, wealth management, trust services, and personal banking. BOM provides customers with a broad range of banking products, including commercial real estate loans, commercial and industrial loans, small business loans, term loans, asset-based line of credit, revolving lines of credit, construction loans, letters of credit, loans to non-profit organizations, a leasing program for commercial equipment financing, business credit cards, and business prepaid cards. BOM offers consumer loan products, including home equity lines of credit (HELOC), personal loans, personal lines of credit, overdraft line of credit, certificate of deposit secured, automobile, consumer credit cards, and boat financing. The bank offers two “niche” home loan products: the Floating Home Loan in Marin County and Tenants-in-Common loans offered in San Francisco County.

BOM offers a broad range of deposit products and services through the branch networks that include business and personal checking, savings accounts, money market, and certificate of deposit accounts. Alternative banking services include automated teller machines (ATMs), online banking, mobile banking, mobile deposit, wire transfers, image lockbox, cash management services, and trust and investment management services.

As of the September 30, 2023 Report of Condition and Income (Call Report), BOM has approximately \$4.0 billion in total assets, \$2.1 billion in total loans, and \$3.5 billion in total deposits. The distribution of the bank’s loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of 09/30/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	127,924	6.1
Secured by Farmland	22,828	1.1
Secured by 1-4 Family Residential Properties	236,648	11.3
Secured by Multifamily (5 or more) Residential Properties	152,540	7.3
Secured by Nonfarm Nonresidential Properties	1,329,964	63.7
Total Real Estate Loans	1,869,904	89.6
Commercial and Industrial Loans	116,100	5.6
Agricultural Production and Other Loans to Farmers	5,493	0.2
Consumer Loans	66,458	3.2
Obligations of State and Political Subdivisions in the U.S.	21,091	0.0
Other Loans	6,744	0.0
Lease Financing Receivable (net of unearned income)	1,152	00.0
Less: Unearned Income	0	-
Total Loans	2,086,942	100.0
<i>Source: Call Report</i>		

Examiners did not identify any financial, legal, or other impediments that affect the institution’s ability to meet the credit needs of its AA.

DESCRIPTION OF ASSESSMENT AREAS

Since the previous CRA Evaluation, the institution's AAs have changed as a result of the BOM's August 2021 merger and acquisition of ARB. The legacy AA to include the northern California areas remain the same. The bank's footprint expanded with the ARB acquisition and merger and include the additional counties of Sacramento, Placer, and Amador. The addition of these three counties provide two new AAs to the banks footprint, namely the Sacramento AA and the Amador AA. Each AA is described in more detail below.

- San Francisco AA (legacy AA): The AA comprises the whole contiguous counties of Marin, Napa, San Francisco, Sonoma, and a portion of Alameda County. The portion of Alameda County includes contiguous census tracts (CTs) within a 10-mile radius of branches located in Alameda. The five counties contain Metropolitan Divisions (MD) and Metropolitan Statistical Areas (MSA) and are a part of the San Jose-San Francisco-Oakland, CA Combined Statistical Area (CSA) #488. For additional details on the composition of the San Francisco AA, refer to the description of operations in San Francisco AA section of this performance evaluation.
- Sacramento AA: This AA is new since the previous evaluation and is a contiguous area that consists of Sacramento and Placer Counties which include two of the four counties within the Sacramento-Roseville-Folsom, CA MSA #40900. Further details are within the description of operations in the Sacramento section of this performance evaluation.
- Amador AA: This area is a new AA since the previous evaluation and consists entirely of the non-metropolitan statistical area of Amador County.

SCOPE OF EVALUATION

General Information

Examiners used the Interagency Large Institution CRA Examination Procedures to evaluate BOM's CRA performance. The current evaluation covers the period from the prior evaluation, dated January 19, 2021, to the current evaluation, dated November 6, 2023.

A full-scope review was conducted for both the San Francisco and Sacramento AAs. Based on the volume of loans, deposits, and branches in the table below, the San Francisco AA carries the greatest weight in determining the institution's overall CRA rating followed by the Sacramento AA, and the least weight contributed by the Amador AA. Both the Sacramento AA and the Amador AA are new AAs to the bank as of August 12, 2021, the effective date of the ARB acquisition and merger. The Sacramento AA's volume of loans, deposits, and branches exceed those activities conducted in the Amador AA, therefore, the Sacramento AA is reviewed as a full-scope AA, and the Amador AA is reviewed as a limited-scope AA. Refer to the following table and individual AA sections for additional detail on each AA.

Assessment Area Breakdown of Loans, Deposits, and Branches												
Assessment Area	Small Business Loans				Home Mortgage Loans				Deposits		Branches	
	#	%	\$(000s)	%	#	%	\$(000s)	%	\$(000s)	%	#	%
San Francisco AA	302	91.0	69,998	87.3	247	93.6	74,367	91.8	2,768,457	83.0	20	74.1
Sacramento AA	26	7.8	9,895	12.3	15	5.6	6,374	7.9	423,613	12.7	5	18.5
Amador AA	4	0.2	316	0.4	2	0.8	235	0.3	143,683	4.3	2	7.4
Total	332	100.0	80,209	100.0	264	100.0	80,976	100.0	3,335,753	100.0	27	100.0

Source: 2022 Reported HMDA & CRA Reported Data, Bank Data; FDIC Summary of Deposits (as of 6/30/2022)

Activities Reviewed

Examiners analyzed the entire universe of CRA small business loans as well as home mortgage loans originated or purchased from January 1, 2020, through December 31, 2022. During this time frame, the bank originated 3,906 small business loans totaling \$588.8million and 389 home mortgage loans totaling \$173.5 million. Examiners determined that the institution’s major product lines includes small business followed by home mortgage loans, with small business lending constituting more weight in the overall Lending Test rating. This conclusion considers that small business loans represent nearly 91.0 percent of total loans extended over the entire loan review period by number, (Lending Inside and Outside of the Assessment Area table), the institution’s business strategy, loan portfolio composition, and lending activities over the evaluation period are concentrated in commercial lending mainly in small business lending. While small farm loans are offered by the bank, they are not a primary focus of the institution. BOM did not request the inclusion of consumer loans, nor do consumer loans represent a significant portion of the lending portfolio. Therefore, small farm and consumer loans are excluded from the review.

In the San Francisco AA, examiners presented the 2020, 2021, and 2022 small business and home mortgage loans due to anomalies in lending data between years. In the San Francisco AA, examiners used the 2020, 2021, and 2022 D&B demographic data, and the 2020, 2021, and 2022 aggregate lender data as comparisons to the institution’s home mortgage lending performance. Examiners used the 2020, 2021, and 2022, D&B data and the 2020 and 2021 CRA aggregate data for comparisons for the institution’s small business lending performance; CRA aggregate data for 2022 was not available as of the time of this evaluation.

In the Sacramento and Amador AAs, examiners presented only the 2022 small business and home mortgage lending data because it represents the most recent full calendar year of data available subsequent to the ARB acquisition date of August 21, 2021. The Geographic Distribution analysis will not be presented in the limited scope Amador AA due to this area lacking LMI geographies.

In the Sacramento and Amador AAs, examiners used the 2022 D&B demographic data as comparator to bank small business lending performance and 2022 aggregate lending data for comparator to bank mortgage lending performance.

The Assessment Area Concentration criterion presents all three years of data (2020-2022) that was analyzed for both small business and home mortgage loans. While both the number and dollar volume of loans are presented in the lending tables, examiners gauged the level of bank performance by the number of loans because it is a better indicator of the number of individuals and businesses served. Although the review period for this examination is from January 20, 2021 to November 6, 2023, the previous evaluation did not review the 2020 small business or home mortgage lending data. For this evaluation, examiners included an analysis for the full 2020 calendar year of both lending products.

The originations of the bank's 1-to-4 family residential loans includes HELOC loans. In 2020 and 2021, the institution was exempt from reporting HELOC data on the bank's Home Mortgage Disclosure (HMDA) Loan Application Register; however, the bank's HELOC volume exceeded the reporting threshold in 2022. Therefore, the 2022 HELOC data is incorporated within the reported and analyzed home mortgage data. For 2022 home mortgage data, examiners did not separately analyze or present the HELOC or multifamily mortgage loan products as these products do not represent significant product line for the bank. The institution's small dollar HELOC program uses a streamlined underwriting process that does not request or collect borrower income, and leverages the credit bureau scores in the HELOC loan approval process. The lack of collecting and reporting borrower incomes had a negative impact on the bank's home mortgage borrower profile performance.

The evaluation of CD loans, investments, and services in the San Francisco AA includes all qualified activities since the previous CRA Evaluation, from January 20, 2021 through November 6, 2023. CD activities in the new AAs of Sacramento and Amador also include all qualified activities starting from the previous evaluation January 20, 2021, date through November 6, 2023, as they were provided through the 2021 ARB acquisition and merger. The evaluation of qualified investments also includes prior-period investments still outstanding at the time of this evaluation. Examiners evaluated BOM's CD loans, investments, and services activities quantitatively based on the institution's financial capacity as well as qualitatively based on the impact of those activities in BOM's legacy AA and the new AAs. Examiners also compared BOM's CD performance to similarly situated institutions as well as BOM's previous CRA PE. Examiners reviewed delivery systems for providing retail banking services, including branches, alternative delivery systems, and the impact of branch openings and closings during the evaluation period. Additionally, examiners reviewed retail banking products and services targeted toward LMI individuals or small businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

BOM's Lending Test rating is "Low Satisfactory." The institution's performance in the San Francisco and Sacramento AAs are consistent with this conclusion; however, the bank's performance in the Amador AA is inconsistent with the overall performance conclusion.

Lending Activity

BOM's lending levels reflects adequate responsiveness to AA credit needs. This conclusion is supported by consistent activity in the Sacramento AA. Performance in the Amador AA is inconsistent with the overall performance rating. Small business lending level increased significantly in 2020 and 2021 in response to the credit needs of business customers, notably as a result of the Small Business Administration (SBA) Paycheck Protection Program (PPP). During 2022, the bank's home mortgage lending volume increased due to the reportable HELOC and refinance activity that was largely driven by a favorable low interest rate environment during the earlier part of 2022.

BOM's lending market shares for small business and home mortgage lending can be found under the full-scope and limited-scope AA sections.

Assessment Area Concentration

A substantial majority of loans are made within the bank's AA. While the percent of loans made in the AA shows a slight downward trend across the years of analysis, the overall percentage of loans made inside the AA reflects a substantial majority are originated by number and generally by dollar volume. Refer to the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$(000s)	%	\$(000s)	%	
Small Business										
2020	1,922	94.4	113	5.6	2,035	247,376	89.7	28,555	10.3	275,931
2021	1,400	92.7	110	7.3	1,510	187,087	85.4	31,888	14.6	218,975
2022	332	92.0	29	8.0	361	80,209	85.4	13,671	14.6	93,880
Subtotal	3,654	93.5	252	6.5	3,906	514,672	87.4	74,114	12.6	588,786
Home Mortgage										
2020	53	71.6	21	28.4	74	34,245	55.0	28,055	45.0	62,300
2021	44	91.7	4	8.3	48	27,117	91.9	2,396	8.1	29,513
2022	264	98.9	3	1.1	267	80,976	99.1	50	0.9	81,726
Subtotal	361	92.8	28	7.2	389	142,338	82.0	31,201	18.0	173,539
Total	4,015	93.5	280	6.5	4,295	657,010	86.2	105,315	13.8	762,325
<i>Source: HMDA Reported Data; CRA Reported Data.</i>										

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the AAs. Performance is consistent in the San Francisco and Sacramento AAs. The Amador AA has no LMI tracts; therefore, Geographic Distribution is not analyzed or presented. Refer to each respective analysis section for details.

Borrower Profile

Given the product lines offered by the institution, the distribution of borrowers reflects adequate penetration among retail customers of different income levels and business customers of different revenue sizes. Performance in the San Francisco AA is consistent with this conclusion; however, performance in the Sacramento and Amador AAs are inconsistent. Refer to each respective analysis section for details.

Innovative or Flexible Lending Practices

BOM makes limited use of innovative and/or flexible lending practices to serve the AA credit needs. The bank continues to offer loan products and programs that serves the needs of LMI borrowers, small businesses, and addresses the CD needs in the AA. The institution offers or participates in the following flexible loan programs:

Small Business Loan Program

The bank created this special lending program to promote and encourage small business loans. BOM's small business product is offered primarily through retail branches. The small business program provides flexibility to smaller businesses with lower barriers of entry by providing a more flexible underwriting criteria. The goal of the program is to offer a standard product at a reasonable rate, which could be underwritten and documented quickly. This program is geared to businesses with gross annual revenues (GARs) of less than \$1 million and has 2 products:

1. Easy Underwrite for loan amounts from \$5,001 to \$20,000. This is a quick qualifying loan approval process based on credit scores. This is the bank's most popular small business product. Only the first page of the borrowers most recent Federal Tax return or Schedule C for a business entity is needed. A credit score is used for this product with no additional financial information.
2. Full Underwrite for loan amounts from \$20,001 to \$250,000. This is a Limited underwriting loan approval process based on 2 years of business income along with a minimum credit score. The qualifying debt coverage requirement for this program is for businesses with GARs up to \$1.0 million and requires 1.25 times over the debt servicing ratio. Since the previous evaluation, management increased the loan amounts for the Full Underwrite loan to \$250,000 to better accommodate increasing amounts of business credit requests.

During the evaluation period, BOM originated the following Easy and Full Underwrite loans:

- 2020- 24 loans for \$460,000.

- 2021- 18 loans for \$895,000.
- 2022- 37 loans for \$1.7 million.

Small Business Administration

The bank offers SBA 504 loans, which are government guaranteed loans and help to expand credit opportunities to small businesses. The SBA 504 maximum loan amount is \$5.5 million and provides long-term, fixed-rate financing for major fixed assets that promote business growth and job creation. Additionally, BOM participated in the SBA’s PPP loan program in 2020 and 2021. The bank facilitated loans to both existing bank customers and non-bank customers. During 2020, the bank originated 1,826 SBA PPP loans totaling \$316 million and during 2021, the bank originated 1,254 SBA PPP loans totaling \$147.0 million. While SBA loans are not considered innovative or complex, these loans do expand and provide credit to small businesses.

Small Business Overdraft Line of Credit

The bank’s small business unsecured overdraft line credit is attached to a business checking account and is available to businesses with GARs of \$1 million or less. The lines of credit ranges from an amount of \$500 to \$5,000. During the evaluation period, BOM originated the following volume of Small Business Overdraft Line Credit loans:

- 2020- 107 loans for \$399,000.
- 2021-83 loans for \$330,000.
- 2022- 54 loans for \$220,000.

Community Development Loans

BOM made an adequate level of CD loans during the evaluation period. Performance in the San Francisco and Sacramento AAs are consistent with this conclusion; however, the Amador AA is not consistent. The bank’s level of CD lending activity represents 2.1 percent of average total assets and 3.9 percent of average total loans.

In 2021, BOM originated 30 CD loans totaling \$36.8 million, in 2022, 11 CD loans totaling \$22.8 million, and YTD 2023, BOM originated 12 CD loans totaling \$24.3 million. Compared to similarly situated institutions, BOM’s performance compares less favorably. BOM’s CD lending performance, by both number and dollar volume, decreased slightly compared to the previous evaluation where BOM made 58 CD loans totaling \$84.5 million. During the previous CRA evaluation, BOM’s CD lending performance represented 3.2 percent of average total assets and 4.7 percent of average total loans.

The following table presents the bank’s current evaluation CD loan performance by purpose and AA. By dollar and number, a majority of CD lending activities targeted community services, which was followed by affordable housing by dollar; an identified credit need in the AA.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
San Francisco AA	7	19,384	25	46,355	5	1,720	12	12,094	49	79,553
Sacramento AA	0	0	0	0	2	3,910	2	402	4	4,312
Amador AA	0	0	0	0	0	0	0	0	0	0
Total	7	19,384	25	46,355	7	5,630	14	12,496	53	83,865
<i>Source: Bank Data</i>										

Please refer to the full-scope AAs for notable examples of CD lending efforts.

INVESTMENT TEST

The Investment Test is rated “Low Satisfactory.” The institution’s overall performance in the San Francisco AA, is consistent with this overall conclusion; however, the Sacramento AA, and the Amador AA are not consistent.

Investment and Grant Activity

BOM has an adequate level of qualified investments and grants, although rarely in a leadership position, particularly those that are not routinely offered by private investors. The following table details the qualified investments by AA.

Qualified Investments										
Assessment Area	Affordable Housing:		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
San Francisco AA	23	34,097	0	0	0	0	0	0	23	34,097
Sacramento AA	7	11,972	0	0	0	0	0	0	7	11,972
Amador AA	0	0	0	0	0	0	0	0	0	0
Subtotal	30	46,069	0	0	0	0	0	0	30	46,069
Qualified Grants & Donations	36	137	366	1,298	34	148	0	0	436	1,583
Total	66	46,206	366	1,298	34	148	0	0	466	47,652
<i>Source: Bank Data</i>										

The bank’s qualified investments at the current review period increased by dollar volume compared to the previous qualified investment dollar volume of \$26.4 million. The current evaluation total qualified investments represent 1.2 percent of average total assets and 3.2 percent of average total securities. BOM's level of investments and grant activity is in line with similarly situated institutions, where the ratio ranged between 1.1 and 1.8 percent of average total assets.

Compared to the bank’s previous evaluation, the bank’s performance represents a slight increase where qualified investments represented 1.0 percent of average total assets; however, the performance also represents a decline where qualified investments previously represented 4.8 percent of average total securities. Please refer to the full-scope AAs for detail on notable examples of CD investments, grants, or donations.

Responsiveness to Credit and Community Development Needs

The bank exhibits good responsiveness to credit and CD needs. The bank made investments that are largely responsive to affordable housing needs by dollar, primarily in the San Francisco and Sacramento AAs. These investments are long-term and are responsive to the identified CD need. Additionally, the bank has provided numerous qualified grants and donations that are responsive to small business credit needs and affordable housing CD needs.

Community Development Initiatives

The bank occasionally uses innovative or complex qualified investments to support CD initiatives. All of the new qualified investments are mortgage-backed securities, which are not innovative or complex.

SERVICE TEST

The Service Test is rated “Low Satisfactory.” The institution’s performance in the San Francisco AA is consistent with this conclusion. Performance in the Sacramento and Amador AAs are below the performance in the San Francisco AA.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the bank’s AAs. The bank currently operates 27 branches, 1 administrative office, and 2 commercial LPOs. Both LPOs were opened during the previous evaluation period and are in San Mateo and Contra Costa Counties, outside of the bank’s AAs. As shown in the table below, the bank’s branch distribution is below the low-income population demographics and above the moderate-income population demographics.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	108	9.7	418,313	9.3	1	3.7	1	5.6
Moderate	245	22.0	1,006,339	22.5	10	37.0	5	27.8
Middle	394	35.3	1,629,971	36.4	9	33.3	7	338.9
Upper	324	29.1	1,327,071	29.6	6	22.2	5	27.7
NA	44	3.9	99,435	2.2	1	3.7	0	0
Total	1,115	100.0	4,481,129	100.0	27	100.0	18	100.0
<i>Source: 2020 U.S. Census Data; Bank Data</i>								

The bank offers a range of alternative delivery systems such as ATMs, telephone banking, bank by mail, direct deposit, courier service, night deposit, remote deposit capture, wire transfer, and online, and mobile banking. The alternative delivery systems are accessible to essentially all portions of the bank-wide assessment area. In addition to BOM's ATMs, the bank offers its customers surcharge-free access to Money Pass ATMs, a nation-wide network consisting of thousands of participating ATMs.

Changes in Branch Locations

To the extent changes have been made, BOM's record of opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. The institution's changes in branch locations in the San Francisco AA are consistent with the institution overall. During the evaluation period, the bank acquired 10 branches, closed 5 branches, and closed 1 LPO. Refer to each respective AAs for additional analysis and details.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the AAs, particularly LMI geographies and/or individuals. BOM's reasonableness of business hours and services is consistent throughout the AAs. Since the prior evaluation, branch hours have slightly changed for Monday through Thursday. Regular branch operating days and times are Monday to Thursday 9:00 a.m. to 5:00 p.m. and Friday from 10:00 a.m. to 6:00 p.m. While BOM primarily focuses on commercial customer products and services, the bank also offers consumer lending and deposit products and services throughout the AAs.

Community Development Services

BOM provides an adequate level of CD services in its AAs. The bank's CD service hour during the current review period decreased by 17.0 percent compared to the prior evaluation of 1,989 CD service hours. Of the total 1,651 CD service hours provided to 38 organizations, 846 hours were provided in 2021; 522 hours were provided in 2022; and 284 hours were provided in YTD 2023. During the review period, the bank's overall CD service hours decreased in part due to employee turnover. Service hours primarily targeted community services and economic development.

During the review period, BOM's CD service hours performance represents 4.9 hours per full-time employee (FTE). The BOM ratio of CD service hours per FTE is below the ratio range of similarly situated institutions.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
San Francisco AA	62	1,008	175	0	1,245
Sacramento AA	0	407	0	0	407
Amador AA	0	0	0	0	0
Total	62	1,415	175	0	1,652
<i>Source: Bank Data</i>					

Please refer to the full-scope AAs for detail on notable examples of CD service activities.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

SAN FRANCISCO ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SAN FRANCISCO ASSESSMENT AREA

BOM Novato’s headquarter is located in the San Francisco AA. The San Francisco AA consists of the contiguous counties of Marin, Napa, San Francisco, Sonoma, and a portion of Alameda County. These counties represent a part of the San Jose-San Francisco-Oakland CSA #488.

The CSA and BOM CRA delineated counties, branches, and ATMs are summarized in the table below.

San Francisco Assessment Area – CSA Composition, Branches, and ATMs					
CSA	Metropolitan Area	MSA/MD #	CRA Delineated County	Branches	ATMs
San Jose-San Francisco-Oakland, CA CSA #488	San Rafael, CA MD	42034	Marin	9	9
	Santa Rosa-Petaluma, CA MSA	42220	Sonoma	5	4
	Oakland-Berkeley-Livermore, CA MD	36084	Alameda (partial)	3	2
	Napa, CA MSA	34900	Napa	2	1
	San Francisco-San Mateo-Redwood City, CA MSA	41884	San Francisco	1	0
Total				20	16
<i>Source: 2020 U.S. Census Data and Bank Data</i>					

Economic and Demographic Data

Based on the 2020 Census Data the San Francisco AA contains 650 CTs, which consist of 66 low-, 129 moderate-, 229 middle-, 187 upper-income, and 39 CTs have no income designation. The following table provides a summary of demographic, housing, and business information within the San Francisco AA.

Demographic Information of the Assessment Area						
Assessment Area: San Francisco						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	650	10.2	19.8	35.2	28.8	6.0
Population by Geography	2,450,861	9.9	20.9	37.1	28.5	3.6
Housing Units by Geography	1,046,132	8.6	19.3	37.2	31.2	3.7
Owner-Occupied Units by Geography	460,460	3.6	16.8	41.7	36.3	1.6
Occupied Rental Units by Geography	498,528	13.2	22.0	33.4	25.8	5.6
Vacant Units by Geography	87,144	8.5	17.0	34.8	35.1	4.6
Businesses by Geography	333,344	7.8	16.2	33.7	33.7	8.6
Farms by Geography	6,177	4.0	14.1	45.7	33.6	2.8
Family Distribution by Income Level	528,099	25.3	16.3	18.4	40.0	0.0
Household Distribution by Income Level	958,988	28.7	14.8	16.4	40.1	0.0
Median Family Income MSA - 34900 Napa, CA MSA		\$107,995	Median Housing Value			\$942,831
Median Family Income MSA - 36084 Oakland-Berkeley-Livermore, CA		\$123,312	Median Gross Rent			\$1,897
Median Family Income MSA - 41884 San Francisco-San Mateo-Redwood City, CA		\$143,526	Families Below Poverty Level			6.0%
Median Family Income MSA - 42034 San Rafael, CA		\$159,898				
Median Family Income MSA - 42220 Santa Rosa-Petaluma, CA MSA		\$102,411				
<i>Source: 2020 U.S. Census and 2022 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The San Francisco AA's businesses reported GARs as follows:

- 90.0 percent reported \$1 million or less,
- 3.9 percent reported more than \$1 million, and
- 6.1 percent did not report revenues.

Services represent the largest industry in the AA at 40.7 percent of businesses; followed by retail at 10.5 percent; finance, insurance, and real estate at 10.0 percent; and construction at 5.2 percent. In addition, 61.8 percent of area businesses have 4 or fewer employees, and 92.9 percent operate from a single location.

As a result of changes from the 2015 ACS Census data to the 2020 U.S. Census data during the review period, the following changes occurred in the AA:

- The AA boundaries increased by 82 CTs.

- Low-income decreased by 14 CTs, moderate-income increased by 9 CTs, middle-income increased by 40 CTs, upper-income increased by 24 CTs, and NA increased by 23 CTs.
- The number of small businesses increased by 40,842 from 259,220 to 300,062, and
- The median housing value in the AA increased approximately by 43 percent, from \$657,875 to \$942,831, significantly driving up the cost of living in the AA.

Designated Disasters

- CA Severe Winter Storms, Flooding, Landslides, and Mudslides (DR-4683-CA): All counties in AA, Major Disaster Declaration declared on January 14, 2023
- CA Severe Winter Storms, Flooding, Landslides, and Mudslides (EM-3592-CA): All counties in AA, Emergency Declaration declared on March 10, 2023
- CA Severe Winter Storms, Flooding, Landslides, and Mudslides (DR-4683-CA): All counties in AA, Major Disaster Declaration declared on January 14, 2023
- CA Severe Winter Storms, Flooding, and Mudslides (EM-3591-CA): All counties in AA, Emergency Declaration declared on January 9, 2023

The Bureau of Labor Statistics (BLS) provides data on changes in unemployment rates monthly. Unemployment rates in the AA, CA, and nationally decreased from 2020 to 2022. The AA reflected similar percentages to the national unemployment rate. The following table illustrates the unemployment rates for the AA, CA, and nationwide for December 2020, 2021, and 2022.

Unemployment Rates			
Area	2020	2021	2022
	%	%	%
Marin County	5.7	3.0	2.4
San Francisco County	6.6	3.1	2.2
Napa County	8.0	4.3	3.1
Sonoma County	6.7	3.7	2.8
Alameda County (Partial)	7.7	4.0	2.9
State of California	8.9	5.0	3.9
National Average	6.5	3.7	3.3
<i>Source: Bureau of Labor Statistics</i>			

The Federal Financial Institutions Examination Council (FFIEC) updates median family income on an annual basis. The low-, moderate-, middle-, and upper-income levels for the AA are presented in the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
San Rafael MD Median Family Income (#42034)				
2020 (\$159,300)	<\$79,650	\$79,650 to <\$127,440	\$127,440 to <\$191,160	≥\$191,160
2021 (\$163,000)	<\$81,500	\$130,400 to <\$130,400	\$130,400 to <\$195,600	≥\$195,600
2022 (\$168,300)	<\$84,150	\$84,150 to <\$134,640	\$134,640 to <\$201,960	≥\$201,960
San Francisco- San Mateo- Redwood City MD Median Family Income (#41884)				
2020 (\$140,900)	<\$70,450	\$70,450 to <\$112,720	\$112,720 to <\$169,080	≥\$169,080
2021 (\$145,400)	<\$72,700	\$72,700 to <\$116,320	\$116,320 to <\$174,480	≥\$174,480
2022 (\$165,600)	<\$82,800	\$82,800 to <\$132,480	\$132,480 to <\$198,720	≥\$198,720
Napa MSA Median Family Income (#34900)				
2020 (\$109,200)	<\$54,600	\$54,600 to <\$87,360	\$87,360 to <\$131,040	≥\$131,040
2021 (\$101,500)	<\$50,750	\$50,750 to <\$81,200	\$81,200 to <\$121,800	≥\$121,800
2022 (\$119,400)	<\$59,700	\$59,700 to <\$95,520	\$95,520 to <\$143,280	≥\$143,280
Santa Rosa-Petaluma MSA Median Family Income (#42220)				
2020 (\$102,700)	<\$51,350	\$51,350 to <\$82,160	\$82,160 to <\$123,240	≥\$123,240
2021 (\$103,300)	<\$51,650	\$51,650 to <\$82,640	\$82,640 to <\$123,960	≥\$123,960
2022 (\$112,800)	<\$56,400	\$56,400 to <\$90,240	\$90,240 to <\$135,360	≥\$135,360
Oakland- Berkeley- Livermore MD Median Family Income (#36084)				
2020 (\$119,200)	<\$59,600	\$59,600 to <\$95,360	\$95,360 to <\$143,040	≥\$143,040
2021 (\$125,600)	<\$62,800	\$62,800 to <\$100,480	\$100,480 to <\$150,720	≥\$150,720
2022 (\$142,800)	<\$71,400	\$71,400 to <\$114,240	\$114,240 to <\$171,360	≥\$171,360
<i>Source: FFIEC</i>				

San Rafael MD

According to Moody’s Analytics report as of July 2023, San Rafael’s economy has picked up since the previous year and has become a top performer in the region. The healthcare industry is slowly growing due to a worker shortage with a high demand for healthcare. The tech industry is experiencing difficulty obtaining funds with high interest rates. Increasing remote work has decreased demand for commercial real estate. Single-family residential construction is down from the prior year. Multifamily construction has significantly increased in recent years. Housing affordability continues to be less than state and national levels. The area’s top five employers are Kaiser Permanente, Marin General, Bio Marin Pharmaceutical, Fireman’s Fund Insurance, and Bay Equity.

Santa Rosa-Petaluma MSA

According to Moody’s Analytics report as of July 2023, San Rosa’s economy has slowed compared to California and the nation. For the past six years, high housing prices have contributed to a population out-migration as there is a need for affordable housing. Since the prior year, multifamily permits have decreased while single-family permits have increased. The area’s main economic

drivers are the wine and food agriculture industry as well as tourism. The tourism industry has slowed due to inflation and lower demand for personal travel. The long-term wine manufacturing industry is experiencing lower demand from younger generations. The area's top five employers are Kaiser Permanente, Graton Resort & Casino, St. Joseph Health System, Keysight Technologies, and Safeway Inc.

Oakland- Berkeley- Livermore MD

According to Moody's Analytics report as of August 2023, Oakland's economy is consistent with CA but has slowed compared to the nation. The main economic drivers are the federal government, high tech and its position as a medical center. The tech industry is slowing in the short term and has yet to reach pre-pandemic levels. The manufacturing industry is slowing but expected to grow in the coming months because of the demand for technology as computer manufacturing is one fifth of factory employment. Housing sales have decreased as home buying is not an option for many due to high prices, high interest rates and slow income growth. The area's top five employers are University of California, Western Digital, Chevron Corporation, Grifols, and Lawrence Livermore National Laboratory.

Napa MSA

According to Moody's Analytics report as of July 2023, Napa's economy and job growth has slowed compared to the nation. The main economic drivers of the area are the wine agriculture industry and tourism. Wine agriculture is seeing a decrease in demand but demand for luxury wine continues. The tourist industry is slowing in the short term due to inflation. Compared to prior years, multifamily permits have decreased and single-family permits have slightly increased. The population continues to decrease due to high living costs, high housing prices, and limited employment opportunities. The area's top five employers are Napa State Hospital, Veterans Home, St. Helena Hospital, Napa Valley College, and Silverado Resort and Spa.

San Francisco- San Mateo- Redwood City MD

According to Moody's Analytics report as of August 2023, San Francisco's job growth has slowed. The main economic drivers are the area's high technology presence and financial and medical center positions. The area also has highly educated and skilled workforce. The technology industry is slowly growing and still catching up from earlier in the year. The business cycle index is trailing behind CA and the nation. High interest rates are slowing down consumer mortgage lending and refinancing. Housing sales have significantly decreased as home buying is not an option for many due to extremely high prices, high interest rates, and slow income growth. The area's top five employers are University of California, San Francisco; Salesforce.com Inc.; Wells Fargo; Kaiser Permanente; and United Airlines.

Competition

The AA is highly competitive for financial services. According to the June 30, 2023 FDIC Deposit Market Share Report, 62 banks operate 686 branches and share a total of \$395.6 billion in deposits within the AA. The top 5 institutions are Bank of America, National Association (NA); JPMorgan Chase Bank, NA; Wells Fargo Bank, NA; Citibank, NA; and HSBC Bank USA, NA which collectively control 85.0 percent of the AA's deposit market share. BOM maintains \$2.8 billion in deposits, representing 0.7 percent market share, and ranking the institution 13th in the AA based on deposit market share.

Community Contact

Examiners conducted one community contact that serves the bank's AA. The contact represented a small business development organization. The small business development organization provides economic development assistance to small businesses with one-on-one mentoring, workshops, and loans. The contact noted that small businesses are not seeking additional credit but are seeking grants. The contact stated there is a community need for additional capital to fund organizations that provide technical assistance to LMI small business owners. The contact mentioned that due to high living costs in the area there is a need for affordable housing. The lack of affordable housing is contributing to small business owners being unable to find workers to fill positions.

Credit and Community Development Needs and Opportunities

Considering the information from the community contact, bank management, demographic information, and economic data, examiners determined there are credit needs and opportunities for small business and home mortgage lending. Further, there are economic development and affordable housing CD need in the area due to high business costs and expensive housing. There are numerous opportunities in the AA for local financial institutions to collaborate with community groups to address these needs.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SAN FRANCISCO ASSESSMENT AREA

LENDING TEST

BOM's Lending Test for the San Francisco AA is adequate. Lending levels reflect adequate responsiveness. The geographic distribution of loans reflects adequate penetration throughout the AA. The distribution of borrowers reflects adequate penetration. The bank made an adequate level of CD loans in the AA.

Lending Activity

Lending levels reflect adequate responsiveness to the AA credit needs. BOM originated 1,916 small business loans totaling \$246.6 million in 2020, 1,231 small business loans totaling \$161.5 million in 2021, and 302 small business loans totaling \$69.9 million in 2022.

According to the aggregate small business data, in 2021 BOM ranked 15th out of 260 lenders that reported 136,960 small business loans for \$5.4 million, giving the bank a market share of 0.9 percent by number and a 3.2 percent by dollar. The top five small business lenders include J.P. Morgan Chase, N.A., American Express, Bank of America, N.A., Wells Fargo Bank, N.A., and Citi Bank, N.A. Together these 5 lenders account for a 63.3 percent of reported small business market share in the AA. In 2020, BOM ranked 15th out of 287 lenders that reported 128,735 loans in the AA, giving the institution a market share of 1.5 percent by number and 3.5 percent by dollar.

Although BOM's small business lending activity trended downward over the review period, its activities are comparable or higher than peer institutions. The number of reporting lenders competing for small business loans declined by 10 percent over the 2020-2021 period.

BOM also originated 53 home mortgage loans totaling \$34.2 million in 2020, 42 home mortgage loans totaling \$24.4 million in 2021, and 247 home mortgage loans totaling \$74.4 million in 2022.

According to the 2020 peer mortgage data, 753 lenders originated or purchased 180,457 mortgage loans in the AA totaling \$107.4 million; giving BOM a 92nd ranking with a mortgage market share of 0.05 percent by number and 0.09 percent by dollar volume. According to the 2021 peer mortgage data, 747 lenders originated or purchased 184,310 mortgage loans totaling \$118.9 million; giving BOM a 221st ranking, with 0.03 percent market share by number and 0.03 percent by dollar volume. According to the 2022 peer mortgage data, 703 lenders originated or purchased 78,940 mortgage loans in the AA for \$57.4 million. BOM ranked 52nd giving the bank a market share of 0.4 by number and 0.2 by dollar. The top five home mortgage lenders include First Republic Bank, Wells Fargo Bank, N.A., Redwood Credit Union, Bank of America, N.A., and Rocket Mortgage. The 5 lenders together, account for 28.8 percent of reported home mortgage market share by number of mortgage loans in the AA. The significant decline in peer mortgage lending by number and dollar volume in 2022 is associated with a high mortgage interest environment.

The bank's mortgage loan activity has declined since the prior evaluation and it is exempt from closed-end mortgage reporting requirements. However, since the previous evaluation, BOM optionally reported closed-end home mortgage loans. The institution was also exempt from open-end mortgage reporting up until the recent threshold changes which became effective in January 2022. In 2022, BOM became a required reporter for HELOC loans, which is largely attributable to the noted 2022 increase in mortgage lending.

Geographic Distribution

The geographic distribution of loans reflects an adequate penetration throughout the AA. An adequate penetration of small business support this conclusion.

Small Business

The geographic distribution of small business loans reflects adequate penetration throughout the AA. BOM's lending in low-income CTs is below both the demographic and aggregate performance throughout the years of analysis and reflects a decline in 2022.

The lending penetration in moderate-income tracts exceeds aggregate performance and/or is in line with demographic performance across all years of analysis. Overall, the bank’s geographic distribution of small business loans reflects and adequate performance throughout the AA.

Geographic Distribution of Small Business Loans						
Assessment Area: San Francisco						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	15.4	15.2	121	6.3	24,033	9.7
2021	15.5	14.4	87	7.1	14,875	9.2
2022	7.8	--	11	3.6	4,610	6.6
Moderate						
2020	18.9	19.2	496	25.9	71,599	29.0
2021	19.0	20.2	311	25.3	44,943	27.8
2022	16.2	--	60	19.9	13,275	19.0
Middle						
2020	29.7	30.2	666	34.8	82,409	33.4
2021	29.6	31.2	445	36.1	53,241	33.0
2022	33.7	--	159	52.6	34,793	49.7
Upper						
2020	34.6	34.3	623	32.5	67,003	27.2
2021	34.5	33.1	385	31.3	48,179	29.8
2022	33.7	--	70	23.2	16,770	24.0
Not Available						
2020	1.4	1.2	10	0.5	1,563	0.6
2021	1.3	1.1	3	0.2	273	0.2
2022	8.6	--	2	0.7	550	0.8
Totals						
2020	100.0	100.0	1,916	100.0	246,607	100.0
2021	100.0	100.0	1,231	100.0	161,511	100.0
2022	100.0	100.0	302	100.0	69,998	100.0
<i>Source: 2020, 2021 & 2022 D&B Data; Bank Data; 2020 & 2021 CRA Aggregate Data, "--" data not available Due to rounding, totals may not equal 100.0%</i>						

Home Mortgage

The geographic distribution of home mortgage loans reflects poor penetration in LMI CTs.

BOM’s home mortgage lending performance in low-income geographies reflect a nominal volume of loan originations made over all years of analysis. Lending penetration reflects a declining trend year over year. Bank lending penetration in low-income exceeds aggregate and percent of owner occupied housing units in 2020; however, performance is below aggregate lenders and percent of

owner occupied housing units in 2021 and 2022. Bank performance in moderate-income CTs reflects performance change in between years with lending penetrations in 2020 and 2022 are below both the demographic and aggregate lenders. Performance in 2021 improves with bank performance above both the percentage of owner occupied housing units and aggregate lenders.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: San Francisco						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	5.3	5.6	4	7.5	2,250	6.6
2021	5.3	6.3	2	4.8	716	2.9
2022	3.6	4.2	2	0.8	1,564	2.1
Moderate						
2020	17.8	17.9	6	11.3	3,710	10.8
2021	17.8	18.2	8	19.0	3,249	13.3
2022	16.8	16.9	33	13.4	9,052	12.2
Middle						
2020	40.4	40.1	14	26.4	8,660	25.3
2021	40.4	38.6	16	38.1	10,187	41.7
2022	41.7	40.2	126	51.0	35,353	47.5
Upper						
2020	36.2	36.0	29	54.7	19,625	57.3
2021	36.2	36.3	16	38.1	10,266	42.0
2022	36.3	37.0	85	34.4	28,248	38.0
Not Available						
2020	0.3	0.5	0	0.0	0	0.0
2021	0.3	0.6	0	0.0	0	0.0
2022	1.6	1.7	1	0.4	150	0.2
Totals						
2020	100.0	100.0	53	100.0	34,245	100.0
2021	100.0	100.0	42	100.0	24,418	100.0
2022	100.0	100.0	247	100.0	74,367	100.0
<i>Source: 2015 ACS and 2020 U.S. Census data; Bank Data, 2020, 2021 & 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects adequate penetration among business customers of different revenue sizes and retail customers of different income levels. A combination of good small business lending performance and poor home mortgage performance support this conclusion.

Small Business

The distribution of borrowers reflects good penetration among businesses with GARs of \$1.0 million or less. In 2020 and 2021, the bank’s lending performance to small businesses was slightly above aggregate lenders. In 2022, the bank’s performance increased significantly compared to the previous two years.

The bank’s participation in the SBA PPP lending program did stimulate the small business lending performance, despite the originations of many SBA PPP loans being originated without revenue information, the bank’s performance overall stayed slightly above aggregate lenders with the noted boost in trend during 2022.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: San Francisco						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2020	87.8	41.6	837	43.7	48,262	19.6
2021	88.7	45.8	570	46.3	40,348	25.0
2022	90.0	--	180	59.6	31,665	45.2
>\$1,000,000						
2020	5.1	--	624	32.6	151,199	61.3
2021	4.5	--	307	24.9	82,827	51.3
2022	3.9	--	118	39.1	37,617	53.7
Revenue Not Available						
2020	7.1	--	455	23.7	47,146	19.1
2021	6.8	--	354	28.8	38,336	23.7
2022	6.1	--	4	1.3	716	1.0
Totals						
2020	100.0	100.0	1,916	100.0	246,607	100.0
2021	100.0	100.0	1,231	100.0	161,511	100.0
2022	100.0	100.0	302	100.0	69,998	100.0

Source: 2020, 2021 & 2022 D&B Data; Bank Data; 2020 & 2021 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%

Home Mortgage

The distribution of borrowers reflects poor penetration among retail customers of different income levels. The bank's home mortgage lending performance to low-income borrowers reflects a nominal volume of lending with a year-over-year declining trend. The bank's performance significantly trailed the percent of low-income families in each year of analysis. The bank's performance in 2020 is in line with aggregate lenders. In years 2021 and 2022, the bank's performance declined while aggregate lenders performance increased. Lending to moderate-income borrowers reflects a continued underperformance across all years of analysis as measured against both the percent of moderate-income families and aggregate lending data. In 2021, bank performance peaked, yet largely trails aggregate lenders, and the percent of moderate-income families. In 2022, bank performance drops to the lowest performance across all years, remaining significantly below both aggregate lenders and the percentage of moderate-income families. The lack of HELOC income collection in 2022, contributed to the bank's significant decline in lending to LMI borrowers. The table below illustrates that the majority of the bank's home mortgage lending in 2022 is categorized in the income designation "Not Available."

Aggregate lending represents actual credit demand in the AA, and is the best comparator for bank performance. Demographic data; Percent of Families is not actual credit demand, but represents the opportunity to lend e.g. the percent of families within the specific borrower income bracket. As the table denotes, there is a much higher volume of low-income families needing home loans; in comparison to the volume of peer lenders who are able to qualify low-income families for home loans in the AA. The high cost of housing in the AA makes it very difficult to qualify for a home loan given the median cost of housing. Considering these factors, the bank's performance is still considered poor.

Table I – Distribution of Home Mortgage Loans by Borrower Income Level

Assessment Area: San Francisco

Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	26.9	4.2	2	3.8	710	2.1
2021	26.9	5.1	1	2.4	500	2.0
2022	25.3	5.8	1	0.4	400	0.5
Moderate						
2020	16.4	12.8	3	5.7	2,215	6.5
2021	16.4	12.6	4	9.5	1,310	5.4
2022	16.3	10.5	7	2.8	2,295	3.1
Middle						
2020	17.4	21.2	14	26.4	8,400	24.5
2021	17.4	19.6	10	23.8	4,885	20.0
2022	18.4	16.6	26	10.5	11,479	15.4
Upper						
2020	39.3	52.1	33	62.3	20,945	61.2
2021	39.3	51.6	19	45.2	10,532	43.1
2022	40.0	52.9	72	29.2	28,845	38.8
Not Available						
2020	0.0	9.7	1	1.9	1,975	5.8
2021	0.0	11.2	8	19.0	7,191	29.4
2022	0.0	14.2	141	57.1	31,349	42.2
Totals						
2020	100.0	100.0	53	100.0	34,245	100.0
2021	100.0	100.0	42	100.0	24,418	100.0
2022	100.0	100.0	247	100.0	74,367	100.0

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

Innovative or Flexible Lending Practices

The bank continues to offer loan products and programs to serves the needs of LMI borrowers, small businesses, and addresses the CD needs in the AA. The institution offers or participates in the following flexible loan programs that are only offered in the San Francisco AA.

Tenants-in-Common Fractional Share Home Loans

During the review period, the bank originated 125 Tenants-in-Common loans totaling \$71.6 million. Given the high cost of housing in the area, this product addresses housing needs in the AA by allowing individuals to enter in a purchase contract with other owners of a dwelling. This allows for the borrower to own a percentage of the property. This product is flexible due to the type of collateral and the ownership interest in the property being outside the standard single-family residence loan market. The Tenants-in-Common loans are only offered in San Francisco County.

Floating Home Loans

During the review period, the bank originated 7 Floating Home loans totaling \$3.7 million. Floating homes are an appealing option for home ownership due to the lower cost of ownership. Land is particularly expensive in the San Francisco Bay Area and floating homes provides the purchaser the opportunity to own without purchasing land. A floating home, sits on buoyant platforms or raft that are docked, and plugged into the electrical grid. Given the high cost of housing in the area, this product addresses housing needs in the area by providing flexible alternatives to the standard options for home ownership. Floating Home Loans are not HMDA reportable.

Community Development Loans

BOM made an adequate level of CD loans in the San Francisco AA. Over the review period, the bank’s qualified CD loans in the AA represent 95.0 percent of all bank CD loans. However, the bank’s CD loan performance in the AA is lower than the prior evaluation; qualified CD loan volume where the bank made 58 CD loans for \$84.5 million.

BOM CD performance demonstrates an adequate responsiveness to the community and affordable housing needs to support and sustain housing and shelter for the homeless as well as low-income individuals and families.

Community Development Lending – San Francisco AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	4	8,946	8	10,800	3	870	11	11,894	26	32,510
2022	2	7,908	7	14,000	2	850	0	0	11	22,758
YTD 2023	1	2,530	10	21,555	0	0	1	200	12	24,285
Total	7	19,384	25	46,355	5	1,720	12	12,094	49	79,553

Source: Bank Data

The following are notable examples of CD loans originated during the evaluation period:

- During 2022, the bank renewed a \$6.4 million commercial real estate line of credit on a 96-unit multifamily apartment building located in a low-income CT in Oakland. The building owner provides housing for homeless Veterans and works with the Veterans Administration Housing Program to help those in most need. Additionally, the building owner also works

with the city of Oakland to develop an affordable housing program in order to help the city meet the low-income housing mandates.

- During 2023, the bank originated a \$500,000 loan to a non-profit organization that provided multi-regional benefits to the AAs, inclusive of Marin, Sonoma, and Napa counties. The organization provides shelter and food services to numerous LMI communities of Northern California.
- During 2021, the bank made a \$5.8 million dollar loan to a non-profit organization that is the primary service provider of homeless shelters in Marin County. The organization supports the construction of year-round homeless shelters for individuals and families in need. The proceeds of the loan were used to construct a 60 bed and 32 single room occupancy units for extremely low-income individuals supported by HUD Section 8 vouchers.

INVESTMENT TEST

The institution has an adequate level of qualified investments and grants in the San Francisco AA. The institution exhibits good responsiveness to credit and CD needs. BOM occasionally uses innovative and/or complex investments to support CD initiatives

Investment and Grant Activity

The institution has an adequate level of qualified investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors in the San Francisco AA. During the evaluation period, the bank made 3 new qualified investments totaling \$22.0 million, retained 20 investments totaling \$12.1 million, and made 387 grants and donations totaling \$1.3 million within the AA. A majority of the qualified investments and donations focused on affordable housing, an identified CD need in the AA. The following table details qualified investments and grants made in the San Francisco AA by year.

Qualified Investments - San Francisco AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	20	12,059	0	0	0	0	0	0	20	12,059
2021	3	22,038	0	0	0	0	0	0	3	22,038
2022	0	0	0	0	0	0	0	0	0	0
YTD 2023	0	0	0	0	0	0	0	0	0	0
Subtotal	23	34,097	0	0	0	0	0	0	23	34,097
Qualified Grants & Donations	32	127	325	1,085	30	129	0	0	387	1,341
Total	55	34,224	325	1,085	30	129	0	0	410	35,438

Source: Bank Data

The following are notable examples of qualified investments and grants in the San Francisco AA:

- In 2021, BOM invested \$4.3 million in mortgage-backed securities that support affordable housing in the AA. Affordable housing is an identified CD need by the community contact in the AA.
- The bank continued to hold 4 Low-Income Housing Tax Credit funds with a current book value of approximately \$2.1 million, to support affordable housing in the AA.
- During the review period, the bank annually donated \$10,000 to support a Workforce Development Program, which provides employment training for LMI individuals in Marin County. These donations support economic development, which is an identified AA CD need.

Responsiveness to Credit and Community Development Needs

BOM exhibits good responsiveness to credit and CD needs. A majority of the qualified investments and donations benefit affordable housing, which is an identified CD need in the San Francisco AA.

Community Development Initiatives

The institution occasionally uses innovative and/or complex investments to support CD initiatives. While the qualified investments and donations help promote CD activities, they are not considered particularly innovative or complex. Refer to the bank-wide section for further detail.

SERVICE TEST

Delivery systems are accessible to essentially all portions of the San Francisco AA. To the extent changes have been made, BOM's record of opening and closing of branches in the AA has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. Services and business hours do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and/or individuals. BOM provides an adequate level of CD services in the San Francisco AA.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the San Francisco AA. BOM operates 20 full-service branches in the San Francisco AA. BOM operates 5.0 percent of branches in low-income CTs, while low-income CTs represent 10.2 percent of the AA. The bank's percentage of branches in low-income CTs is also below the 10.2 percent of branches that other institutions operate. BOM operates 35.0 percent of branches in moderate-income CTs, which is above the 19.8 percent of moderate-income CTs in the AA. The bank's percentage of branches in moderate-income is also above the 22.0 percent of branches that other institutions operate. BOM provides services at its commercial office located in a low-income tract in San Francisco, to reach small businesses in its AA. The following table illustrates the distribution of CTs, population, BOM branches and ATMs in the San Francisco AA by CT income level.

Branch and ATM Distribution by Geography Income Level San Francisco AA								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	66	10.2	242,635	9.9	1	5.0	1	6.3
Moderate	129	19.8	512,230	20.9	7	35.0	5	31.3
Middle	229	35.2	909,269	37.1	7	35.0	6	37.5
Upper	187	28.8	698,495	28.5	4	20.0	4	25.0
NA	39	6.0	88,231	3.6	1	5.0	0	0
Total	650	100.0	2,450,861	100.0	20	100.0	16	100.0

Source: 2020 U.S. Census; Bank Data

Changes in Branch Locations

To the extent changes have been made, BOM’s record of 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, BOM closed four branch locations in the AA; one in a moderate-income CT; two in middle-income CTs; and one in an upper-income CT. While one of these branches served LMI geographies, the closure is mitigated by an active BOM branch located in a quarter of a mile east in the same CT.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and/or individuals. Hours, products, and services offered in the AA are consistent with the institution overall. All branches in the San Francisco AA operate the same hours as stated at the bank-wide level.

Community Development Services

BOM provided an adequate level of CD services in the San Francisco AA. During the review period, BOM total CD service hours decreased by 37.4 percent compared to the prior evaluation of 1,989 CD service hours. During the current review period, BOM primarily supported community services by providing financial expertise and technical assistance to 34 organizations in the AA. The following table details BOM’s CD service activity by year and CD purpose.

Community Development Services - San Francisco AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	62	504	49	0	615
2022	0	343	73	0	416
YTD 2023	0	161	53	0	214
Total	62	1,008	175	0	1,245
<i>Source: Bank Data</i>					

The following are notable examples of CD Services in the San Francisco AA:

- In 2021, an employee provided 62 hours of service as a board member to an affordable housing organization that provides supportive housing and assisted independent living housing. Affordable housing is an identified need in the AA.
- During the review period, an employee provided 171 hours of service to promote economic development by assisting in the selection of grant program award recipients. Economic development is an identified need in the AA from the community contact.

SACRAMENTO ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SACRAMENTO ASSESSMENT AREA

The Sacramento AA consists of Sacramento and Placer counties comprising part of the Sacramento-Roseville-Folsom, CA MSA #40900. This AA is new to the institution since the August 2021 ARB merger and acquisition. There are five branches and one ATM in the AA: four branches and one ATM located in Sacramento County and one branch located in Placer County.

Economic and Demographic Data

Based on the 2020 U.S. Census data, the Sacramento AA consists of 455 CTs, which includes 42 low-, 116 moderate-, 159 middle-, 133 upper- income CTs, and 5 CTs have no income designation. The following table provides a summary of demographic, housing, and business information within the Sacramento AA.

Demographic Information of the Assessment Area						
Assessment Area: Sacramento						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	455	9.2	25.5	34.9	29.2	1.1
Population by Geography	1,989,794	8.8	24.9	35.1	30.6	0.6
Housing Units by Geography	738,999	8.2	24.1	37.0	30.3	0.4
Owner-Occupied Units by Geography	421,128	4.1	19.2	39.0	37.5	0.2
Occupied Rental Units by Geography	272,105	14.5	32.3	33.8	18.7	0.7
Vacant Units by Geography	45,766	9.1	20.6	37.0	32.8	0.5
Businesses by Geography	207,996	8.1	25.7	32.1	32.3	1.8
Farms by Geography	4,258	5.7	21.6	36.7	34.9	1.1
Family Distribution by Income Level	465,837	23.7	17.0	19.2	40.2	0.0
Household Distribution by Income Level	693,233	24.8	16.1	17.4	41.8	0.0
Median Family Income MSA - 40900 Sacramento-Roseville-Folsom, CA MSA		\$90,500	Median Housing Value			\$410,770
			Median Gross Rent			\$1,380
			Families Below Poverty Level			9.0%
<i>Source: 2020 U.S. Census and 2022 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Sacramento AA's 207,996 businesses reported GARs as follows:

- 90.8 percent reported \$1 million or less,
- 2.6 percent reported more than \$1 million, and
- 6.6 percent did not report revenues.

Services represent the largest industry in the AA at 37.0 percent of businesses; followed by retail at 10.4 percent; finance, insurance, and real estate at 9.8 percent; and construction at 7.0 percent. In addition, 62.9 percent of area businesses have 4 or fewer employees, and 93.0 percent operate from a single location.

Designated Disasters

During the evaluation period, the institution's AA experienced the following designated disasters that affected the economic conditions in the areas of bank operations:

- CA Severe Winter Storms, Flooding, Landslides, and Mudslides (DR-4683-CA): All counties in AA, Major Disaster Declaration declared on January 14, 2023
- CA Severe Winter Storms, Flooding, Landslides, and Mudslides (EM-3592-CA): All counties in AA, Emergency Declaration declared on March 10, 2023
- CA Severe Winter Storms, Flooding, Landslides, and Mudslides (DR-4683-CA): All counties in AA, Major Disaster Declaration declared on January 14, 2023
- CA Severe Winter Storms, Flooding, and Mudslides (EM-3591-CA): All counties in AA, Emergency Declaration declared on January 9, 2023
- CA Mosquito Fire (FM-5453-CA): Placer County, Fire Management Assistance Declaration declared on September 9, 2022
- CA Caldor Fire (EM-3571-CA): Placer County, Emergency Declaration declared on September 1, 2021
- CA Wildfires (DR-4610-CA): Placer County, Major Disaster Declaration declared on August 24, 2021
- CA River Fire (FM-5405-CA): Placer County, Fire Management Assistance Declaration declared on August 5, 2021

Unemployment

The BLS provides data on changes in unemployment rates monthly. Unemployment rates in the AA, CA, and nationally decreased from 2020 to 2022. Placer County in the AA reflected similar percentages as the national unemployment rate. Whereas Sacramento County reflected similar percentages to CA's unemployment rate. The following table illustrates the unemployment rates for the AA, CA, and nationwide for December 2020, 2021, and 2022.

Unemployment Rates			
Area	2020	2021	2022
	%	%	%
Sacramento County	8.5	4.7	3.6
Placer County	6.1	3.5	2.8
State of CA	8.9	5.0	3.9
National Average	6.5	3.7	3.3
<i>Source: Bureau of Labor Statistics</i>			

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Sacramento-Roseville-Folsom, CA MSA Median Family Income (40900)				
2021 (\$90,900)	<\$45,450	\$45,450 to <\$72,720	\$72,720 to <\$109,080	≥\$109,080
2022 (\$102,400)	<\$51,200	\$51,200 to <\$81,920	\$81,920 to <\$122,880	≥\$122,880
<i>Source: FFIEC</i>				

Sacramento-Roseville-Folsom, CA MSA

According to Moody’s Analytics report as of July 2023, Sacramento’s job growth has increased, primarily in state government. The area’s main economic drivers consist of the state capital, the presence of universities, and medical centers. State government job growth has seen increases. The business cycle index is ahead of California and the nation. Sacramento is experiencing a shortage in healthcare professionals. Home buying is not an option for many due to high prices and high interest rates. However, due to the growth in tourism, there has been an increase in wealthy individuals purchasing second homes. Single-family permits have decreased from prior years while multifamily permits have increased from prior years. The area’s top five employers are University of California, Davis and UC Davis Health; Sutter Health; Kaiser Permanente; Dignity Health; and Intel Corp.

Competition

The AA is highly competitive for financial services. According to the June 30, 2023, FDIC Deposit Market Share Report, 35 banks operate 250 branches and share a total of \$85.7 billion in deposits within the AA. The top 5 institutions are U.S. Bank NA; Wells Fargo Bank, NA; Bank of America, NA; JPMorgan Chase Bank, NA; and River City Bank, which collectively control a combined \$71.7 billion in deposits and represents 83.7 percent of the AA’s deposit market share. BOM maintains \$423.6 million in deposits, representing 0.5 percent market share, and ranking the institution 17th in the AA based on deposit market share.

Community Contacts

Examiners conducted two community contacts that serve in the bank's AA. One contact represented a small business development organization that provides economic development by assisting small businesses with one-on-one mentoring, workshops, and loans. The contact noted that small businesses are not seeking additional credit but are seeking grants. The contact stated there is a community need for additional capital to fund organizations that provide technical assistance to LMI small business owners and local Community Development Financial Institutions (CDFI). The contact indicated that there are opportunities for local financial institutions to participate in the California Small Business Loan Guarantee Program and SBA loan programs.

Examiners also contacted an affordable housing organization. The contact noted that in the AA there is a higher demand for multi-family housing than single family residential housing. LMI individuals in the market to purchase a single-family residence are seeking down payment assistance. There is a need in the AA to support CDFIs that provide funding and homeownership resources to LMI individuals. Identified credit needs include funding organizations that offer homeownership counseling, offering down payment assistance, multi-family housing, and affordable housing. The contacts mentioned affordable housing as a community need.

Credit and Community Development Needs and Opportunities

Considering information obtained from the community contact, bank management, and demographic and economic data, examiners determined that affordable housing is a primary credit need for the AA. Additionally, examiners identified CD opportunities exist in the AA with CDFIs, down payment assistance for first-time homebuyers, multifamily housing, business technical assistance, and financial literacy education.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SACRAMENTO ASSESSMENT AREA

LENDING TEST

Lending Test for the Sacramento AA is adequate. Lending levels reflect adequate responsiveness, the geographic distribution of loans reflects adequate penetration, the distribution of borrowers reflects poor penetration, and BOM made an adequate level of CD loans.

Lending Activity

Lending levels reflect adequate responsiveness to the AA credit needs. Lending levels in the AA include 26 small business loans for \$9.9 million and 15 home mortgage loans for \$6.4 million. This AA is new to the bank since the August 2021 merger with ARB.

Aggregate small business lending data for 2022, is not yet available. According to the 2021 peer small lending data, 177 lenders reported 59,158 small business loans for \$2.0 million within the AA. Of these lenders, BOM ranked of 34th with a 0.3 percent small business lending market share

by number and a 1.2 percent market share by dollar. The top five small business lenders in the AA include J.P. Morgan Chase Bank, N.A., American Express National Bank, Bank of America, N.A., Wells Fargo Bank, N.A., and US Bank, N.A. Together, these 5 lenders account for 60.1 percent of reported small business lending market share by number of loans within the AA.

The 2022 peer home mortgage data reflects that 726 lenders reported \$40.2 million originated or purchased mortgage loans in the AA. BOM ranked 288th giving the bank a market share of less than 1.0 percent by number and by dollar. The bank’s mortgage lending activity trended up during the evaluation period. The top five home mortgage lenders in the AA include United Wholesale Mortgage, Rocket Mortgage, Golden 1 Credit Union, Bank of America N.A. and US Bank N.A. Together, these 5 lenders account for 24.4 percent by number of reported home mortgage market share in the AA.

Geographic Distribution

The institution's geographic distribution of loans reflects an adequate penetration throughout the AA. Good penetration in small business loans and poor penetration of home mortgage loans support this conclusion.

Small Business

The geographic distribution of small business loans reflects good penetration throughout the AA. In 2022, bank lending penetration in low-income CTs is slightly below the percentage of businesses; however, performance in moderate-income CT slightly exceeded percent of businesses. The table below shows the bank’s 2022 lending penetration and D&B business demographic data.

Geographic Distribution of Small Business Loans					
Assessment Area: Sacramento					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	8.1	2	7.7	332	3.4
Moderate	25.7	7	26.9	3,013	30.4
Middle	32.1	7	26.9	3,621	36.6
Upper	32.3	10	38.5	2,929	29.6
Not Available	1.8	0	0.0	0	0.0
Totals	100.0	26	100.0	9,895	100.0
<i>Source: 2022 D&B Data, Bank Data. 2022 Aggregate Data not- Available Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage

The geographic distribution of home mortgage loans reflects poor penetration throughout the AA. During 2022, BOM's performance reflects no lending penetration in low-income geographies; however, aggregate performance and percent of owner-occupied housing units showed limited activities in low-income CT. In addition the bank's moderate-income performance in 2022 significantly trailed aggregate performance and percent of owner-occupied housing units.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Sacramento AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	4.1	4.7	0	0.0	0	0.0
Moderate	19.2	19.6	1	6.7	46	0.7
Middle	39.0	34.2	8	53.3	4,633	72.7
Upper	37.5	41.3	6	40.0	1,695	26.6
Not Available	0.2	0.2	0	0.0	0	0.0
Total	100.0	100.0	15	100.0	6,374	100.0
<small>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</small>						

Borrower Profile

The distribution of borrowers reflects poor penetration among business customers of different revenue sizes and retail customers of different income levels. Poor small business performance and poor home mortgage performance support this conclusion.

Small Business

The distribution of borrowers reflects poor penetration to businesses with GARs of \$1.0 million or less. The bank's lending to small businesses in 2022 is significantly below D&B percent of businesses. The table below illustrates distribution of small business loans by GAR category.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Sacramento AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	90.8	10	38.5	3,050	30.8
>\$1,000,000	2.6	16	61.5	6,845	69.2
Revenue Not Available	6.6	0	0.0	0	0.0
Total	100.0	26	100.0	9,895	100.0

*Source: 2022 D&B Data, Bank Data, 2022 CRA Aggregate Data not available
Due to rounding, totals may not equal 100.0%*

Home Mortgage

The distribution of borrower reflects poor penetration among retail customers of different income levels. During 2022, BOM did not originate home mortgage loans to low-income borrowers. Aggregate lending data demonstrates a limited opportunities to lend to low-income borrowers. However, BOM's moderate-income performance in 2022, significantly trailed aggregate performance and percent of families.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Sacramento						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	23.7	5.0	0	0.0	0	0.0
Moderate	17.0	14.0	1	6.7	46	0.7
Middle	19.2	22.7	1	6.7	525	8.2
Upper	40.2	44.2	1	6.7	1,000	15.7
Not Available	0.0	14.1	12	80.0	4,803	75.4
Total	100.0	100.0	15	100.0	6,374	100.0

*Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data
Due to rounding, totals may not equal 100.0% HO*

Community Development Loans

BOM made an adequate level of CD loans in this AA. This AA is new to the bank and the majority of CD loans are targeted to economic development efforts. Refer to the table below.

Community Development Lending – Sacramento AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	0	0	0	0	2	3,910	2	402	4	4,312
2022	0	0	0	0	0	0	0	0	0	0
YTD 2023	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	2	3,910	2	402	4	4,312

Source: Bank Data

During the review period notable CD loans include:

- A \$2.3 million dollar SBA 504 loan for the purchase and rehabilitation of a commercial real estate building located in a low-income geography in Sacramento County. Project development is managed under the SBA’s 504 Certified Development program. The funds contributed to the purchase and rehabilitation of the commercial building’s electrical operations.
- The bank originated a \$322,000 SBA PPP loan that supported continuing operations for a non-profit housing shelter that benefitted homeless bound youth living in Sacramento, CA.

INVESTMENT TEST

The institution has an adequate level of qualified CD investments and grants in the Sacramento AA. The institution exhibits good responsiveness to credit and CD needs. BOM occasionally uses innovative and/or complex investments to support CD initiatives.

Investment and Grant Activity

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors in the Sacramento AA. Qualified investments and donations focused on affordable housing, an identified CD need in the AA. The following table details qualified investments and grants made in the Sacramento AA by year.

Qualified Investments - Sacramento AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2021	7	11,972	0	0	0	0	0	0	7	11,972
2022	0	0	0	0	0	0	0	0	0	0
YTD 2023	0	0	0	0	0	0	0	0	0	0
Subtotal	7	11,972	0	0	0	0	0	0	7	11,972
Qualified Grants & Donations	3	6	39	208	1	4	0	0	43	218
Total	10	11,978	39	208	1	4	0	0	50	12,190

Source: Bank Data

The following are notable examples of qualified investments and grants in the Sacramento AA:

- In 2021, BOM invested \$5.0 million in mortgage-backed securities that support affordable housing in the AA. Affordable housing is an identified CD need.
- In 2023, BOM donated \$4,000 to a CDFI that promotes economic development in the Sacramento AA.

Responsiveness to Credit and Community Development Needs

BOM exhibits good responsiveness to credit and CD needs in the Sacramento AA. CD investments primarily support affordable housing needs in the AA, which is an identified credit need throughout the AA. The bank CD grants and donations primarily support community service needs.

Community Development Initiatives

The institution occasionally uses innovative and complex investments to support CD initiatives. While the qualified investments and donations help promote CD activities, they are not considered particularly innovative or complex. Refer to the bank-wide level for further detail.

SERVICE TEST

Delivery systems are accessible to essentially all portions of the Sacramento AA. To the extent changes have been made, BOM’s record of opening and closing of branches in the AA has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. Services and business hours do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and/or individuals. BOM provides a limited level of CD services in the Sacramento AA.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the Sacramento AA. BOM operates five full-service branches in the Sacramento AA. BOM operates no branches in low-income CTs,

while low-income CTs represent 9.2 percent of the AA. Other institutions operate 9.9 percent of branches in low-income CTs. BOM’s percent of branches in moderate-income CTs significantly exceeds the percent of CTs in the AA. The following table illustrates the distribution of CTs, population, BOM branches and ATMs in the Sacramento AA by CT income level.

Branch and ATM Distribution by Geography Income Level Sacramento								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	42	9.2	175,102	8.8	0	0	0	0
Moderate	116	25.5	495,459	24.9	3	60.0	0	0
Middle	159	34.9	698,418	35.1	0	0	0	0
Upper	133	29.2	608,877	30.6	2	40.0	1	100.0
NA	5	1.1	11,939	0.6	0	0	0	0
Total	455	100.0	1,989,795	100.0	5	100.0	1	100.0

Source: 2020 U.S. Census; Bank Data

Changes in Branch Locations

To the extent changes have been made, BOM’s opening and closing of branches generally has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. During the evaluation period, BOM acquired five branches in the AA, three in moderate-income CTs and two in upper-income CTs. One middle-income branch as well as two branches in moderate-income CTs are in close proximity to low-income CTs and can service businesses and individuals that are located there.

Reasonableness of Business Hours and Services

Services and business hours do not vary in a way that inconveniences certain portions of the Sacramento AA, particularly LMI geographies and/or individuals. Hours, products, and services offered in the AA are consistent with the institution overall. All branches in the Sacramento AA operate the same hours as stated at the bank-wide level.

Community Development Services

BOM provides a limited level of CD services in the Sacramento AA. During the review period, the bank provided 407 hours of services to four organizations. Bank employees provided technical assistance to qualified organizations with the primary purpose of facilitating community services. On a year-over-year basis, BOM CD service hours trended downward and decreased by almost half of each prior year. The following table details BOM’s CD service activity by year and CD purpose.

Community Development Services - Sacramento AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	0	231	0	0	231
2022	0	106	0	0	106
YTD 2023	0	70	0	0	70
Total	0	407	0	0	407
<i>Source: Bank Data</i>					

The following are notable examples of CD Services in the Sacramento AA:

- During the review period, a BOM employee provided 56 hours of technical assistance to an organization that provides financial literacy to LMI youth.
- During the evaluation period, a BOM employee provided 139 hours of technical assistance to an organization that provides housing, childcare, life skills, career education, and mental health services to unhoused women and their children.
- During the review period, 4 BOM employees provided 193 total hours of technical assistance to a foundation that provides grants to CRA qualifying organizations.

AMADOR ASSESSMENT AREA – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE REVIEW AMADOR ASSESSMENT AREA

The following table summarizes the conclusion for the Amador AA using limited-scope review procedures. The following conclusion is based on available facts and data, aggregate lending comparison, and demographic information. The conclusion does not alter the bank's overall performance rating.

Assessment Area	Lending Test	Investment Test	Service Test
Amador	Below	Below	Below

The following facts and data support the conclusion for the Amador AA, beginning with a summary of BOM's operations and activities. Geographic distribution and borrower profile tables are included below. Demographic data and market share information for the Amador AA are included in the Appendices section below.

Activity	#	\$ (000's)
Small Business Loans	4	316
Home Mortgage Loans	2	235
CD Loans	0	0
Investments (New)	0	0
Donations	6	25
CD Services (by hours)	0	-
<i>Source: Bank Data</i>		

Geographic Distribution

The Amador AA has no LMI tracts; therefore, Geographic Distribution is not analyzed or presented.

Borrower Profile

Small Business

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Amador					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	88.7	2	50.0	42	13.3
>\$1,000,000	3.0	2	50.0	274	86.7
Revenue Not Available	8.2	0	0.0	0	0.0
Total	100.0	4	100.0	316	100.0
<i>Source: 2022 D&B Data, Bank Data, 2022 Aggregate Data – Not Available</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Amador						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	13.3	4.8	0	0.0	0	0.0
Moderate	16.4	12.7	0	0.0	0	0.0
Middle	21.7	22.9	0	0.0	0	0.0
Upper	48.5	46.8	0	0.0	0	0.0
Not Available	0.0	12.8	2	100.0	235	100.0
Totals	100.0	100.0	2	100.0	235	100.0
<i>Source: 2020 U.S. Census; Bank Data, 2022 HMDA Aggregate Data, "</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						

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.

SCOPE OF EVALUATION

Bank of Marin	
Scope of Examination: Full scope reviews were performed on the following assessment areas within the noted rated areas: State of California San Francisco Assessment Area Sacramento Assessment Area	
Time Period Reviewed:	01/20/2021 – 11/06/2023
Products Reviewed <u>San Francisco Assessment Area:</u> Small Business Loans: 01/01/2020 – 12/31/2022 Home Mortgage Loans: 01/01/2020 – 12/31/2022 <u>Sacramento and Amador Assessment Areas</u> Small Business Loans: 01/01/2022 – 12/31/2022 Home Mortgage Loans: 01/01/2022 – 12/31/2022	

List of Assessment Areas and Type of Evaluation			
Rated Area/ Assessment Area	Type of Evaluation	Branches Visited	Other Information
State of California:			
San Francisco AA	Full-scope	None	None
Sacramento AA	Full-scope	None	None
Amador AA	Limited-scope	None	None

DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS

Amador AA

The Amador AA includes the entirety of Amador County and is a new AA since August 2021. The AA is located in the western foothills of the Sierra Nevada Mountains. Surrounding counties include Alpine to the east, Sacramento to the west, and El Dorado to the north, and Calaveras to the south. In the AA, BOM operates two full-service branches and one ATM. During March 2023, the bank closed the Buckhorn Branch located in an upper-income geography in Pioneer, CA. There are no LMI CTs in the AA.

Economic and Demographic Data

The following table show select demographic, housing, business, and farm information within the Amador AA.

Demographic Information of the Assessment Area						
Assessment Area: Amador						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	10	0.0	0.0	60.0	40.0	0.0
Population by Geography	40,474	0.0	0.0	53.2	46.8	0.0
Housing Units by Geography	18,246	0.0	0.0	62.0	38.0	0.0
Owner-Occupied Units by Geography	11,396	0.0	0.0	60.4	39.6	0.0
Occupied Rental Units by Geography	3,448	0.0	0.0	72.0	28.0	0.0
Vacant Units by Geography	3,402	0.0	0.0	57.3	42.7	0.0
Businesses by Geography	3,226	0.0	0.0	66.2	33.8	0.0
Farms by Geography	192	0.0	0.0	58.3	41.7	0.0
Family Distribution by Income Level	9,863	13.3	16.4	21.7	48.5	0.0
Household Distribution by Income Level	14,844	20.5	14.7	15.5	49.3	0.0
Median Family Income Non-MSAs - CA		\$70,728	Median Housing Value			\$333,242
			Median Gross Rent			\$962
			Families Below Poverty Level			5.3%
<i>Source: 2020 U.S. Census and 2022 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The Amador AA’s businesses reported GAR information as follows:

- 88.7 percent reported \$1.0 million or less,
- 3.0 percent reported greater than \$1.0 million, and
- 8.3 percent did not report revenues.

According to the 2022 Bureau of Economic Analysis, from 2021 to 2022, the Amador per capita personal income (PCPI) decreased 3.0 percent to \$48,463. The Amador PCPI ranked 45th in the state and was 62.9 percent of the state average of \$77,036 and 74.0 percent of the national average of \$65,470.

The FFIEC non-metro median family income ranges are listed in the table below:

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
CA Non-MSA Median Family Income (99999)				
2022 (\$80,300)	<\$40,150	\$40,150 to <\$64,240	\$64,240 to <\$96,360	≥\$96,360
2021 (69,700))	<\$34,850	\$34,850 to <\$55,760	\$55,760 to <\$83,640	>\$83,640
<i>Source: FFIEC</i>				

Competition

There is a low level of competition for financial services in Amador County. A number of large regional and national banks. According to the June 30, 2023 FDIC Summary of Deposits, 6 financial institutions operate 10 branch offices and share \$927.4 million in deposits within the Amador AA. The top 5 institutions are El Dorado Savings Bank, F.S.B.; Wells Fargo Bank, NA; Bank of America, NA; BOM, and Bank of Stockton which control 85.0 percent of the AA’s deposit market share. BOM maintains \$143.7 million in deposits, representing a 15.5 percent market share, and ranking 4th place in the AA based on market share.

Aggregated small business lending data for 2022 is not yet available. However, according to the 2021 peer small lending data, there were 59 lenders that originated and reported 1,079 small business loans totaling approximately \$23.0 million within the AA. According to the 2021 peer small business lending market share data, BOM ranked 10th with a market share of 2.6 percent by number of loans and 9.2 percent by dollar volume. The top five small business lenders in the AA include Wells Fargo Bank, American Express National Bank, Synchrony Bank, Bank of America, N.A., and J.P. Morgan Chase Bank, N.A. Together, these 5 lenders account for 58.0 percent of the total small business lending market share by number of loans reported in the AA.

According to the 2022 peer home mortgage data market share, 273 banks operate in the AA that originated and reported 2,513 mortgage loans totaling approximately \$734, 000. BOM ranked 133rd in the market with a home mortgage lending market share of less than 1.0 percent by number and dollar. The top five institutions in the AA include Rocket Mortgage, United Wholesale Mortgage, Finance of America, Golden Credit Union, and American Pacific Mortgage Corp. Together these institutions account for nearly 25.8 percent of the market share by number of mortgage loans reported in the AA

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.