

PUBLIC DISCLOSURE

April 6, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Banner Bank
Certificate Number: 28489

10 South First Avenue
Walla Walla, Washington 99362

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.

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INSTITUTION RATING

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

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

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

The Lending Test is rated Outstanding.

Lending levels reflect good responsiveness to Assessment Area (AA) credit needs; a substantial majority of loans were made within the institution’s AAs; the geographic distribution of loans reflects good penetration throughout the AA; and the distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different size. The bank exhibits a good record of serving the credit needs of the most economically disadvantaged areas of the AAs, low-income individuals, and/or very small businesses, consistent with safe and sound banking practices; is a leader in making community development (CD) loans; and makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs.

The Investment Test is rated Outstanding.

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

The Service Test is rated High Satisfactory.

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

DESCRIPTION OF INSTITUTION

Banner Bank (BB) is a state-chartered institution headquartered in Walla Walla, Washington. The bank is a wholly-owned subsidiary of Banner Corporation, a two-bank holding company also located in Walla Walla. The bank has three lending subsidiaries: Community Financial Corporation, Northwest Financial Corporation, and Springer Development, LLC. The institution did not elect to include lending activity of these subsidiaries in this evaluation.

BB offers a broad range of products and services via a network of 155 branch offices throughout Washington, Oregon, California, and Idaho. While the institution remains primarily focused on commercial lending, BB also offers home mortgage, consumer, and agricultural loans. Deposit services include personal and business checking, savings, and money market accounts as well as personal certificates of deposit.

As of March 31, 2021, assets totaled \$16.1 billion, including total loans of \$10.1 billion and total deposits of \$13.7 billion. Assets increased 70.0 percent, loans increased 35.3 percent, and deposits increased 71.2 percent over the review period. Growth was primarily due to merger and acquisition activity: the bank acquired Skagit Bank in 2018, Alta Pacific Bank in 2019, and merged with affiliate institution Islanders Bank in 2021. However, federal economic relief payments in response to the COVID-19 pandemic stimulated deposit growth and extreme demand for Paycheck Protection Program (PPP) loans grew commercial lending. Specifically, BB originated \$1.6 billion of PPP loans from program inception through March 2021, resulting in commercial and industrial loan growth from \$1.2 billion at the previous evaluation to \$2.3 billion. Despite this, overall lending portfolio distribution remains generally similar to that at the previous evaluation; see the following table.

Loan Portfolio Distribution as of 03/31/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	1,319,435	13.1
Secured by Farmland	170,069	1.7
Secured by 1-4 Family Residential Properties	1,297,136	12.9
Secured by Multifamily (5 or more) Residential Properties	550,855	5.5
Secured by Nonfarm Nonresidential Properties	3,901,742	38.7
Total Real Estate Loans	7,239,237	71.8
Commercial and Industrial Loans	2,261,896	22.4
Agricultural Production and Other Loans to Farmers	160,088	1.6
Consumer Loans	104,522	1.0
Obligations of State and Political Subdivisions in the U.S.	293,399	2.9
Other Loans	23,818	0.2
Lease Financing Receivable (net of unearned income)	-	-
Less: Unearned Income	-	-
Total Loans	10,082,960	100.0
<i>Source: Reports of Condition and Income</i>		

The institution received a “Satisfactory” rating at the previous FDIC Performance Evaluation dated November 27, 2017, based on Interagency Large Institution Examination Procedures. Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet AA credit needs.

DESCRIPTION OF ASSESSMENT AREAS

BB's designated AA consists of 6 rated areas and 22 individual AAs; see the following table and refer to each for additional detail.

Summary of Assessment Area
Washington
Seattle-Tacoma CSA
Kennewick-Richland-Walla Walla CSA
Bellingham MSA
Spokane-Spokane Valley MSA
Washington Non-MSA
Wenatchee MSA
Yakima MSA
Oregon
Oregon Non-MSA
Eugene-Springfield MSA
Medford-Grants Pass CSA
California
Los Angeles-Long Beach CSA
California Non-MSA
Chico MSA
Redding-Red Bluff CSA
Sacramento-Roseville CSA
San Diego-Chula Vista-Carlsbad MSA
Santa Rosa-Petaluma MSA
PVH Multistate MSA
Idaho
Boise City MSA
Coeur d'Alene MSA
Idaho Non-MSA
Twin Falls MSA
Lewiston Multistate MSA
<i>Source: Bank Data</i>

Utah State was included and analyzed as a rated area at the prior evaluation; however, BB divested all Utah branches and exited the state as of January 1, 2018. As such, Utah is not presented as a rated area at the current evaluation.

SCOPE OF EVALUATION

General Information

This evaluation utilizes the Interagency Large Institution CRA Examination Procedures and covers the period from the prior evaluation, dated November 27, 2017, to the current evaluation, dated April 6, 2021.

Based on distribution of branches, deposits, and reported loans, Washington contributes the greatest weight to overall conclusions, followed by Oregon, California, and the PVH Multistate MSA. Due to limited activity based on the same factors, Idaho and the Lewiston Multistate MSA contributed minimal weight to overall ratings. See the following table.

Rated Area Breakdown of Loans, Deposits, and Branches						
Rated Area	Loans		Deposits		Branches	
	\$(000s)	% Bank Total	\$(000s)	% Bank Total	#	% Bank Total
Washington	4,991,380	52.3	6,328,430	53.3	72	46.5
Oregon	1,156,125	12.1	2,064,522	17.4	31	20.0
California	1,870,743	19.5	2,316,961	19.6	31	19.9
PVH Multistate	936,937	9.8	522,921	4.4	9	5.8
Idaho	478,674	5.0	497,495	4.2	9	5.8
Lewiston Multistate	104,081	1.1	147,623	1.2	3	1.9
Total	9,537,940	100.0	11,877,952	100.0	155	100.0
<i>Source: Reported loans 2017, 2018, 2019, and 2020; bank records; FDIC Summary of Deposits (06/30/2020)</i>						

At least one AA was selected for full-scope review within each rated area; refer to each for detail.

Activities Reviewed

Considering the bank’s business strategy and based on the number and dollar of originations reported on the Home Mortgage Disclosure Act (HMDA) loan application registers and CRA loan registers, BB’s major product lines are home mortgage and small business loans. As such, these products are analyzed across all AAs and contribute equal weight to overall conclusions.

Due to low origination volume, small farm lending does not represent a major product line and is analyzed only in the two AAs where BB is considered a market leader: the Oregon Non-MSA and Lewiston Multistate MSA AAs. Small farm lending as a whole contributes minimal weight to overall conclusions. As consumer lending is minimal, does not represent a major product line, and the institution did not request inclusion as part of this PE, consumer loans are excluded from review across all AAs.

Full-year 2017, 2018, 2019, and 2020 home mortgage and small business lending activity in all AAs and small farm lending activity in the Oregon Non-MSA and Lewiston Multistate MSA AAs were analyzed. Lending performance for all products was generally consistent between 2017 and 2018; therefore, 2017 activity is not presented throughout this evaluation. Home mortgage and small farm lending performance for 2020 is also excluded, as aggregate data was not available and lending between 2019 and 2020 was generally consistent for these products. Despite the similar unavailability of 2020 small business aggregate data, the substantial volume

of PPP lending resulted in significant anomalies in lending performance between 2019 and 2020; therefore, 2020 small business lending is presented. See the following table.

Loan Products Reviewed						
Loan Category	Universe		Reviewed		Presented*	
	#	\$(000s)	#	\$(000s)	#	\$(000s)
Home Mortgage	20,750	5,966,432	20,750	5,966,432	10,138	2,822,584
Small Business	24,032	3,344,173	24,032	3,344,173	19,629	2,732,710
Small Farm	1,607	227,335	508	75,185	87	13,315
<i>Source: Bank Records from 01/1/2017 through 12/31/2020 ;</i>						
<i>*Geographic Distribution and Borrower Profile presentation only; all years presented for AA Concentration</i>						

Home mortgage, small business, and small farm lending performance in 2017, 2018, and 2019 was compared to applicable aggregate performance of other lenders operating within each AA and to relevant demographic data. As aggregate data for 2020 is not yet available, 2020 lending performance for all categories was compared only to relevant demographic data.

Demographic comparisons for home mortgage lending is based on the 2015 ACS census data, while demographic comparison for small business and small farm lending is based on relevant D&B data. More weight is placed on BB’s lending performance in comparison to aggregate data, as this is a better measure of actual lending opportunity within each AA. While performance of lending by both number and dollar volume of loans are analyzed, performance based on the number of loans carries greater weight, as it provides a better representation of the actual number of individuals and businesses served.

All CD lending, investment, and service activity from the previous evaluation dated November 27, 2017, through March 31, 2021, were considered in forming CD conclusions and are presented in this evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

BB's Lending Test performance is rated "Outstanding." Performance in each rated area is consistent with this conclusion except in Idaho, where performance was "High Satisfactory."

Lending Activity

Lending levels reflect good responsiveness to AA credit needs. Please refer to the Lending Inside and Outside of the Assessment Area table for the number and dollar of originations by year and product and refer to individual AAs for respective market share and market ranks for products analyzed.

Home mortgage lending within the bank's AAs increased 96.9 percent by number and 73.4 percent by dollar over the review period. By number, growth was most significant between 2017 and 2018 and 2019 and 2020, where lending increased an average of 31.7 percent.

Small business lending within the bank's AAs increased 151.4 percent by number and 118.5 percent by dollar over the review period. Lending by number was relatively stable from 2017 to 2019; the significant growth in small business lending is entirely attributable to 2020, where lending increased 155.4 percent from the previous year.

Small farm lending within the bank's AAs increased 90.3 percent by number and decreased 6.0 percent by dollar over the review period. As with small business lending, small farm lending by number was relatively stable from 2017 to 2019, even decreasing between 2018 and 2019, but increased drastically in 2020 – up 139.6 percent from the previous year.

While a breakout between products is not available, total PPP loans included in the lending test for 2020—9,059 loans totaling \$1.0 billion—represent 77.3 percent and 72.6 percent of combined small business and small farm lending by number and dollar, respectively. Thus, 2020 growth in these products is primarily due to PPP lending volume.

AA Concentration

A substantial majority of loans are made in BB's AAs. This conclusion is based on a substantial majority of home mortgage, small business, and small farm loans originated within the AAs by both number and dollar volume; see the following table.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2017	3,574	90.7	365	9.3	3,939	1,116,878	79.7	284,305	20.3	1,401,183
2018	4,746	92.5	384	7.5	5,130	1,326,804	85.7	220,771	14.3	1,547,575
2019	5,392	92.1	465	7.9	5,857	1,585,781	84.0	302,918	16.0	1,888,699
2020	7,038	91.6	649	8.4	7,687	1,936,969	84.8	347,778	15.2	2,284,747
Subtotal	20,750	91.8	1,863	8.2	22,613	5,966,432	83.8	1,155,772	16.2	7,122,204
Small Business										
2017	4,403	89.7	507	10.3	4,910	611,463	87.1	90,384	8.7	701,847
2018	4,228	93.0	317	7.0	4,545	676,807	93.2	49,364	6.8	726,171
2019	4,334	94.8	236	5.2	4,570	720,027	93.5	50,362	6.5	770,389
2020	11,067	94.3	668	5.7	11,735	1,335,876	93.6	91,660	6.4	1,427,536
Subtotal	24,032	93.9	1,728	6.7	25,760	3,344,173	92.2	281,770	7.8	3,625,943
Small Farm										
2017	340	75.6	110	24.4	450	62,013	73.6	22,289	26.4	84,302
2018	350	82.9	72	17.1	422	61,280	79.2	16,125	20.8	77,405
2019	270	79.4	70	20.6	340	45,723	77.1	13,591	22.9	59,314
2020	647	85.6	109	14.4	756	58,319	84.1	11,047	15.9	69,366
Subtotal	1,607	81.7	361	18.3	1,968	227,335	78.3	63,052	21.7	290,387
Total	46,389	92.1	3,952	7.9	50,341	9,537,940	86.4	1,500,594	13.6	11,038,534
<i>Source: Bank Data ; Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

Overall, the geographic distribution of loans reflects good penetration throughout the AAs. Performance across rated areas is consistent with this conclusion except in California and the Lewiston Multistate MSA, where performance was stronger. Refer to the Scope of Evaluation for rated area weighting and to each respective analysis for detail on performance.

Borrower Profile

Overall, the distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different size. Performance across all rated areas is consistent with this conclusion except in the Lewiston Multistate MSA, where performance was stronger, and Idaho, where performance was weaker but still satisfactory. Refer to the Scope of Evaluation for rated area weighting and to each respective analysis for detail on performance.

PPP lending in 2020 significantly affected borrower profile analyses for small business lending across all rated areas because Gross Annual Revenues (GARs) were not a required to underwrite these loans. Consequently, the bank did not collect this information and almost all PPP loans were reported on the CRA loan register as ‘Revenue Not Applicable.’

The influx of hundreds of these loans without revenues skews the percentage of lending to small businesses, making trend analysis or comparison to 2020 demographic data inappropriate. While not a perfect measure, as not all loans reported in this category can be definitively assumed to be PPP loans, examiners instead formulated conclusions by comparing the 2020 ratio of lending to businesses reporting GARs of \$1 million or less against lending to businesses reporting GARs of greater than \$1 million within each AA. The resulting ratio was used to determine whether 2020 performance is generally in line with performance of prior years, and apparent anomalies are discussed as relevant; refer to individual analyses for detail.

Innovative or Flexible Lending Practices

BB makes extensive use of innovative and/or flexible lending practices in order to serve AA credit needs; see the following table. By number and dollar, the substantial majority of innovative and flexible loan programs are available throughout the bank's AAs; therefore, this criterion is only discussed in the bankwide section of this evaluation.

Innovative and flexible lending increased significantly since the previous evaluation, where BB originated 1,219 loans totaling \$152.0 million. Overall growth is minimally attributable to a longer review period, instead demonstrating management's concentrated efforts to increase the availability and utilization of these types of programs during the review period. For example, BB now offers 38 separate loan programs, as compared to only 14 loan programs at the prior examination. Six of the loan programs offered during the review period are proprietary to BB, of which four were developed and implemented since the previous evaluation. Combined, BB originated 7,134 loans totaling \$792.0 million through these proprietary programs during the review period.

Of particular note are the Banner Bank Affordable Mortgage Program and Down Payment Assistance (DPA) Programs. These programs are exclusive to BB and designed to reach LMI borrowers. The programs can be utilized separately or paired together to offer additional flexibility to loan terms for LMI borrowers. Combined, BB originated 363 loans totaling \$48.8 million through these programs during the review period.

Additionally, PPP lending accounts for almost half of total volume by number and dollar. Congressional action created this SBA-backed program in 2020 to help businesses keep their workforce employed during the coronavirus pandemic. The program was especially targeted to assist LMI, very small, and/or underserved businesses. Qualifying borrowers are eligible for loan forgiveness if the funds were used to maintain employment levels and support payroll expenses. Demand for these loans was extreme; while the program was open, BB employees worked around the clock to process as many PPP loans for their customers as possible.

Innovative or Flexible Lending Programs												
Type of Program*	2017		2018		2019		2020		2021 YTD		Totals	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s	#	\$000s	#	\$000s
BB Affordable Mortgage	8	1,142	78	12,411	60	11,653	89	19,702	16	3,404	251	48,312
BB Affordable Mortgage DPA	2	6	43	151	26	116	38	239	3	18	112	530
BB Community Heroes	-	-	-	-	-	-	2	802	-	-	2	802
BB Interest-Free Fire Assistance	-	-	-	-	-	-	2	7	-	-	2	7
BB Interest-Free Flood Assistance	-	-	-	-	-	-	28	401	-	-	28	401
BB Quick Step Loan	213	20,584	2,471	239,679	2,256	255,074	1,468	186,531	331	40,044	6,739	741,912
Individual Development Accounts	-	-	1	3	4	34	5	49	2	15	12	101
FNMA/FHLMC Loan Programs	2	414	2	202	-	-	-	-	-	-	4	616
FHLB Des Moines Programs	1	7	39	4,887	22	4,900	11	468	1	400	74	10,662
SBA Loan Programs	64	13,331	361	69,843	336	102,631	133	41,657	67	20,875	961	248,337
FSA Loan Programs	2	1,243	7	2,470	5	2,443	2	2,050	-	-	16	8,206
PPP Loans	-	-	-	-	-	-	9,163	1,207,215	4,107	428,180	13,270	1,635,395
Habitat for Humanity	-	-	-	-	-	-	12	426	7	310	19	736
Tribal Programs	-	-	-	-	-	-	1	30	2	25	3	55
Self-Help Homeowner Opportunity	-	-	-	-	1	15	-	-	1	15	2	30
Project Reinvest	-	-	7	73	12	126	6	63	-	-	25	262
Neighborhood LIFT	1	7	1	20	-	-	7	142	-	-	9	169
DevNW	-	-	2	20	-	-	10	116	1	15	13	151
Portland Housing Bureau & Center	-	-	-	-	1	77	5	312	3	109	9	498
Portland Community Reinvestment	-	-	-	-	2	64	7	220	-	-	9	284
Hacienda CDC	-	-	-	-	-	-	-	-	1	15	1	15
City of Springfield	-	-	2	14	1	7	-	-	-	-	3	21
Neighborworks Umpqua	-	-	1	1	-	-	-	-	-	-	1	1
Tri-Cities Home Consortium	1	8	-	-	1	9	1	10	-	-	3	27
Pierce County Development Corp.	-	-	-	-	2	114	4	160	1	40	7	314
Tacoma Redevelopment Authority	-	-	-	-	3	90	6	165	-	-	9	255
Catholic Charities Housing Services	-	-	-	-	1	16	-	-	-	-	1	16
California Housing Finance Authority	3	166	6	601	5	7	17	1,428	-	-	31	2,202
Idaho Housing Finance Authority	3	646	42	4,801	34	5,615	93	17,034	17	3,202	189	31,298
Oregon Housing Community Service	-	-	18	2,835	10	2,263	21	4,892	1	210	50	10,200
Washington Housing Commission	7	548	35	4,040	61	8,332	128	18,748	18	2,657	249	34,325
Idaho Community Reinvestment Corp	2	96	2	179	-	-	-	-	-	-	4	275
Network for Affordable Housing	1	20	5	168	10	664	9	438	1	35	26	1,325
Rocky Mtn Comm. Reinvest. Corp.	2	28	7	167	5	103	1	45	-	-	15	343
Washington Comm. Reinvest. Corp.	4	236	17	1,503	5	636	-	-	1	124	27	2,499
Total	316	38,482	3,147	344,068	2,863	394,989	11,269	1,503,350	4,581	499,693	22,176	2,780,582

Source: Bank Records. (*) some Programs combined for presentation purposes

Community Development Loans

BB is a leader in making CD loans; see the following table. Performance was consistent across all rated areas except the Lewiston Multistate MSA, where the bank made an adequate level of CD loans. Refer to Scope for rated area weighting and to individual rated areas for detail.

Overall CD lending activity represents 9.3 percent of average total assets and 12.7 percent of average total loans. This performance is a substantial increase from the prior evaluation, where BB made 84 CD loans totaling \$257.4 million, representing 2.6 percent of average total assets and 3.5 percent of average total loans. While some of the increase is attributable to a longer review period, CD loan growth since the previous evaluation is also due to the volume of PPP lending, which was significant. During the review period, 104 PPP loans, totaling \$195.4 million, qualified for CD credit. These loans were a critical CD need in Washington, California, and the PVH Multistate MSA—demonstrating BB’s responsiveness in these rated areas.

Community Development Lending by Year and Purpose										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017	5	18,872	-	-	1	5,000	-	-	6	23,872
2018	45	179,800	9	20,184	6	22,682	9	40,525	69	263,191
2019	45	240,327	20	50,433	9	21,885	3	8,900	77	321,545
2020	49	257,009	12	6,960	24	62,986	67	116,734	152	443,689
2021 YTD	13	47,581	-	-	5	6,666	12	19,835	30	74,082
Total	157	743,789	41	77,577	45	119,219	91	185,994	334	1,126,379

Source: Bank Data

Of the total, 8 CD loans totaling \$29.4 million benefitted the broader regional area of the bank’s footprint. One loan, totaling \$7.7 million, was originated through the PPP program. The remaining loans primarily targeted affordable housing initiatives; for example:

- In 2020 and 2021, the bank originated two loans totaling \$2.3 million to renovate an apartment complex located in a moderate-income CT where units are offered at rents below the area median.
- In 2020, the bank originated a \$10.4 million loan for the purchase and renovation of a multifamily property located in a moderate-income CT where the majority of units are rent controlled for LMI individuals and families.

Refer to the full-scope AAs for further details and additional examples.

INVESTMENT TEST

Investment Test performance is “Outstanding.” Performance is consistent with this conclusion in the Washington, Oregon, PVH Multistate MSA, California, and Lewiston Multistate MSA rated areas. Idaho performance was lower than overall bank performance, though still satisfactory. Refer to rated areas for details and examples.

Investment and Grant Activity

BB has an excellent level of qualified CD investment and grants, often in a leadership position, particularly those that are not routinely provided by private investors; see the following table. Total CD investments equates to 2.2 percent of average total assets and 14.2 percent of average total securities. Performance improved across all metrics since the previous evaluation, when investments totaled \$137.3 million, representing 1.4 percent of average total assets and 10.1 percent of average total securities. Though primarily attributable to a longer review period, the increase is particularly impactful because current period investments and grants, at \$248.2 million, made up the majority of activity. BB's level of total CD investments generally exceeds that of other institutions throughout the bank's rated areas.

Qualified Investments by Year and Purpose										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	4	2,395	27	20,812	2	1,050	1	390	34	24,647
2017	1	3,800	1	512	-	-	-	-	2	4,312
2018	9	33,576	11	10,770			-	-	20	44,346
2019	12	77,483	10	9,445	1	10,000	-	-	23	96,928
2020	11	38,975	7	30,686	1	1,000	-	-	19	70,662
2021 YTD	4	9,891	2	15,425	2	3,850	-	-	8	29,166
Subtotal	41	166,120	58	87,650	6	15,900	1	390	106	270,061
Grants/Donations	196	874	470	1,715	59	234	2	8	727	2,831
Total	237	166,994	528	89,365	65	16,134	3	398	833	272,892

Source: Bank Data

Of the total, 16 investments totaling \$76.5 million, benefitted the institution's broader regional area. The majority of these investments were mortgage-backed security (MBS) instruments; however, the bank also invested \$10.0 million in a small business investment company that facilitates economic development by providing strategic counseling and assistance to small fintech and financial service companies.

Responsiveness to Credit and Community Development Needs

BB exhibits good responsiveness to credit and CD needs. Specific credit and CD needs varied somewhat across the rated areas; refer to each area for detail.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support CD initiatives. Performance across the rated areas varies, with strongest performance in California. The majority of BB's investments consisted of bonds and MBSs; while beneficial to LMI individuals and geographies, are not particularly innovative or complex. Complex instruments utilized or held during the review period consisted of investments in low income housing tax credit (LIHTC) equity funds and investments in Community Development Financial Institutions (CDFIs).

LIHTC investments totaled \$35.0 million and consisted of: \$5.0 million in a large equity fund that benefits the institution's broad regional area; \$5.0 million in a LIHTC equity fund benefitting multiple Washington AAs; \$18.2 million in LIHTC funds benefitting multiple

California AAs; \$3.8 million in a LIHTC equity fund benefitting the San Diego-Chula Vista AA; and \$3.0 million in a LIHTC equity fund benefitting the Los Angeles-Long Beach CSA AA. One CDFI investment was made to a California CDFI during the review period and totaled \$1.0 million. The other two CDFI investments are both prior period, made in CDFIs located in Washington and Idaho. Current book values of these investments as of the review date were \$250,000 and \$800,000, respectively.

The bank did not make or hold any innovative or complex investments in the Oregon, PVH Multistate MSA, and Lewiston Multistate MSA rated areas during the review period.

SERVICE TEST

Service Test performance is rated “High Satisfactory.” This conclusion is consistent across all rated areas.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the institution’s AAs. The bank offers online banking and bill pay, telephone banking, and mobile banking, which includes mobile deposit capabilities. Customers have flexibility in accessing funds via ATMs, as the bank does not charge fees on non-proprietary ATMs. BB also does not charge fees on Electronic Benefit Transfer (EBT) cards when used at proprietary ATMs; as the EBT is an electronic system that provides funds to qualifying low-income families to purchase food, this service is particularly impactful to LMI individuals. Alternative delivery systems are equally available to bank customers across rated areas and discussed only at the bank level.

Branch, loan production office (LPO), and ATM distribution varies somewhat between the AAs; refer to each respective analysis for detail.

Changes in Branch Locations

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. Changes in branch locations were most significant in Washington and California; see the following table.

Branch Changes				
Rated Area/Assessment Area	Opened		Closed	
	#	%	#	%
Washington	15	68.2	21	51.2
Seattle-Tacoma CSA	8	36.4	8	19.5
Kennewick-Richland-Walla Walla CSA	-	-	1	2.4
Bellingham MSA	3	13.6	5	12.2
Spokane-Spokane Valley MSA	-	-	3	7.3
Washington Non-MSA	3	13.6	2	4.9
Wenatchee MSA	-	-	-	-
Yakima MSA	1	4.5	2	4.9
Oregon	-	-	7	17.1
Oregon Non-MSA	-	-	3	7.3
Eugene-Springfield MSA	-	-	1	2.4
Medford-Grants Pass CSA	-	-	3	7.3
California	7	31.8	11	26.8
Los Angeles-Long Beach CSA	5	22.7	6	14.6
California Non-MSA	-	-	-	-
Chico MSA	-	-	-	-
Redding-Red Bluff CSA	-	-	-	-
Sacramento-Roseville CSA	1	4.5	3	7.3
San-Diego-Chula Vista-Carlsbad MSA	-	-	2	4.9
Santa Rosa-Petaluma MSA	1	4.5	-	-
PVH Multistate	-	-	-	-
Idaho	-	-	2	4.9
Boise City MSA	-	-	1	2.4
Coeur d'Alene MSA	-	-	-	-
Idaho Non-MSA	-	-	1	2.4
Twin Falls MSA	-	-	-	-
Lewiston Multistate	-	-	-	-
Total	22	100	41	100

Source: Bank Data

Refer to individual AAs for the impact of branch changes on LMI geographies in each.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the AAs, particularly LMI geographies and/or individuals. All branches offer the bank's full array of business and consumer deposit and lending products; see the Description of Institution for detail. Operating hours generally consistent throughout the rated areas and are similar to those of other institutions in each. The majority of branches offer drive-up options and have extended Friday hours. Several locations in Washington also offer Saturday hours; refer the Washington rated area for detail.

Community Development Services

BB provides a relatively high level of CD services; see the following table. Bank employees provided 4,364 instances of service to 273 different CD organizations in the bank's AA. By hour, services provided by bank employees more than doubled since the prior evaluation, where the bank provided 1,690 instances totaling 5,081 hours of service. While the increase is partially due to a longer review period, BB's performance at the current evaluation is much improved

from the previous evaluation and is favorable in comparison to peer institutions. The majority of hours supported community service initiatives—an identified CD need in many rated areas—demonstrating BB’s responsiveness during the review period; refer to each respective analysis for detail and examples.

Community Development Services by Year and Purpose					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	# Hours	# Hours	# Hours	# Hours	# Hours
2017	70	128	17	2	217
2018	523	2,670	427	37	3,657
2019	533	3,603	515	41	4,692
2020	344	1,666	421	26	2,457
2021 YTD	59	201	3	4	267
Total	1,529	8,268	1,383	110	11,290

Source: Bank Data

Bank employees did not provide any service hours outside the bank’s rated areas during the review period.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

WASHINGTON

CRA RATING FOR WASHINGTON: OUTSTANDING

The Lending Test is rated: Outstanding

The Investment Test is rated: Outstanding

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION’S OPERATIONS IN WASHINGTON

The Washington rated area consists of seven AAs covering the majority of the State; refer to bankwide Description of Assessment Areas for list and each AA analysis for detail. BB did not add or remove AAs to the rated area during the review period; however, changes occurred within the Seattle-Tacoma CSA and Washington Non-MSA AAs. Refer to AA analyses for detail on changes, as relevant, as well as key demographic and economic information.

SCOPE OF EVALUATION – WASHINGTON

Based on lending activity, deposit volume, and branch distribution, the Seattle-Tacoma CSA AA was reviewed using full-scope procedures and contributes the greatest weight to overall conclusions. The Kennewick-Richland-Walla Walla CSA AA was randomly selected to also receive full-scope review, as the AA has not been reviewed using full-scope procedures at either of the two previous CRA Evaluations. The remaining AAs in Washington were reviewed using limited-scope procedures; of those, the Bellingham MSA, Washington Non-MSA, Wenatchee MSA, and Yakima MSA AAs contribute lesser weight to conclusions. See the following table.

Assessment Area Breakdown of Loans, Deposits, and Branches – Washington						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	% Bank Total	\$(000s)	% Bank Total	#	% Bank Total
Seattle-Tacoma CSA	2,437,790	25.6	2,884,283	24.3	26	16.8
Kennewick-Richland-Walla Walla CSA	602,607	6.3	1,105,169	9.3	10	6.5
Bellingham MSA	308,676	3.2	378,992	3.2	5	3.2
Spokane-Spokane Valley MSA	720,464	7.6	880,652	7.4	14	9.0
Washington Non-MSA	184,123	1.9	252,051	2.1	8	5.2
Wenatchee MSA	382,986	4.0	173,225	1.5	2	1.3
Yakima MSA	354,734	3.7	654,058	5.5	7	4.5
Washington Total	4,991,380	52.3	6,328,430	53.3	72	46.5

Source: Reported loans 2017, 2018, 2019, and 2020; bank records; FDIC Summary of Deposits (06/30/2020)

Product weighting and rationale in the Washington AAs is consistent with the overall Scope of Evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA IN WASHINGTON

LENDING TEST

Lending Test performance in Washington is “Outstanding.” Performance is consistent this conclusion across all AAs except in the Wenatchee MSA AA, where performance was weaker than Washington overall but still satisfactory.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs. Product trends in Washington are consistent with overall bank performance; see bankwide section for discussion. Market share and relative market rank for products reviewed varied by AA; refer to each for detail.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the AAs. Performance in the Seattle-Tacoma CSA AA is consistent with this conclusion and contributed the greatest weight to the rating. Geographic distribution in the Spokane-Spokane Valley MSA, Washington Non-MSA, Wenatchee MSA, and Yakima MSA AAs was stronger than the rated area conclusion, while performance in the Bellingham MSA and Kennewick-Richland-Walla Walla CSA AAs was weaker, though still adequate. Refer to individual AAs for detail.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different size. Performance in the Seattle-Tacoma CSA, Kennewick-Richland-Walla Walla CSA, Washington Non-MSA, and Wenatchee MSA AAs is consistent with the conclusion, while performance in the, Bellingham MSA, Spokane-Spokane Valley MSA, and Yakima MSA AAs was stronger. Refer to individual AAs for detail.

Community Development Loans

BB is a leader in making CD loans in Washington; see the following table. Performance in all AAs, with the exception of the Wenatchee MSA AA, where the bank did not originate any CD loans, and the Kennewick-Richland-Walla Walla CSA AA, where performance was weaker but still satisfactory, is consistent with this conclusion. While partially attributable to a longer evaluation period, CD lending in Washington more than doubled from the prior evaluation, where the bank originated 58 loans totaling \$189.2 million. Of the total, 5 loans totaling \$99.7 million were made through the PPP, demonstrating BB’s responsiveness to a critical need in Washington during the pandemic.

Community Development Loans by Area and Purpose										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Seattle-Tacoma CSA	23	157,043	5	4,475	8	19,671	29	50,779	65	231,968
Kennewick-Richland-Walla Walla CSA	3	2,842	4	4,102	2	2,506	3	3,978	12	13,428
Bellingham MSA	2	23,400	-	-	1	1,676	1	1,133	4	26,209
Spokane-Spokane Valley MSA	12	21,580	6	8,733	2	2,204	3	5,255	23	37,772
Washington Non-MSA	2	8,317	-	-	2	7,385	2	4,925	6	20,627
Wenatchee MSA	-	-	-	-	-	-	-	-	-	-
Yakima MSA	7	21,530	1	2,100	2	14,442	6	9,316	16	47,388
<i>Statewide Activities</i>	5	11,646	-	-	-	-	4	4,955	9	16,601
Total	54	246,358	16	19,410	17	47,884	48	80,341	135	393,993

Source: Bank Data

Individual examples of statewide activities include the following.

- In 2020, the bank originated three loans, totaling \$2.5 million, to revitalize and stabilize the water and sewage system of a city in a distressed middle-income area.
- In 2020 and 2021, the bank originated four loans, totaling \$9.6 million, to an organization that provides affordable housing for LMI families across Washington.
- In 2018, the bank originated a \$2.0 million loan to an affordable housing organization to assist with building an apartment community for low-income senior citizens.

INVESTMENT TEST

Investment Test performance in Washington is “Outstanding.” Performance in the Seattle-Tacoma CSA, Kennewick-Richland-Walla Walla CSA, and Yakima MSA AAs is consistent with this conclusion. While still satisfactory, performance in the Bellingham MSA, Spokane-Spokane Valley MSA, Washington Non-MSA, and Wenatchee MSA AAs is below rated area conclusions.

Investment and Grant Activity

BB has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. Total investments consisted of 29 current period investments totaling \$64.7 million and 14 prior period investments totaling \$9.6 million. CD investment volume in Washington increased by number and dollar from the prior evaluation, when BB’s 251 CD investments and grants totaled \$70.2 million. While the increase is primarily attributable to a longer review period, BB’s level of CD investment activity in Washington outperforms peer institutions.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Seattle-Tacoma CSA	6	22,368	6	3,639	-	-	-	-	12	26,007
Kennewick-Richland-Walla Walla CSA	1	20,000	5	4,613	-	-	-	-	6	24,613
Bellingham MSA	-	-	1	281	-	-	-	-	1	281
Spokane-Spokane Valley MSA	-	-	5	4,861	-	-	-	-	5	4,861
Washington Non-MSA	-	-	2	2,360	-	-	-	-	2	2,360
Wenatchee MSA	-	-	1	731	-	-	-	-	1	731
Yakima MSA	1	322	9	5,340	-	-	-	-	10	5,662
<i>Statewide Activities</i>	3	7,934	1	1,200	1	250	1	390	6	9,774
Subtotal	11	50,624	30	23,025	1	250	1	390	43	74,289
Grants/Donations	81	435	197	909	16	90	-	-	292	1,431
Total	92	51,059	227	23,934	17	340	1	390	337	75,723

Source: Bank Data

As shown above, the institution originated several CD investments that benefited Washington State. Two of these investments, totaling \$2.9 million, were MBSs secured by loans to LMI individuals. Another investment, totaling \$5.0 million, was part of a project to construct and improve multifamily housing complexes reserved for LMI individuals and families. Combined, these projects provided or improved over 350 affordable housing units within Washington.

Responsiveness to Credit and Community Development Needs

BB exhibits good responsiveness to credit and CD needs in Washington. The majority of investments by dollar were new monies invested during the current review period. Additionally, most investment activity targeted affordable housing or community service initiatives. Affordable housing was identified as a credit need and community services were identified as CD needs in most Washington AAs—particularly in the Seattle-Tacoma CSA AA.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support CD initiatives; refer to overall conclusions for detail.

SERVICE TEST

Washington Service Test performance is “High Satisfactory.” Performance in the Seattle-Tacoma CSA, Kennewick-Richland-Walla Walla CSA, Spokane-Spokane Valley MSA, and Yakima MSA AAs is consistent with this rating. Performance in the Bellingham MSA, Washington Non-MSA, and Wenatchee MSA AAs was below that of Washington overall, but still satisfactory.

Accessibility of Delivery Systems

Delivery systems are accessible to essentially all portions of the institution’s AA. Alternative delivery systems available in Washington are consistent with the bank overall; see discussion at bankwide level. Branch distribution varies by AA; refer to each for detail.

Changes in Branch Locations

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 individual; refer to AAs for detail.

Reasonableness of Business Hours and Services

Services, including business hours, do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and/or individuals. Hours and services are generally consistent with those discussed at the bankwide level; however, extended Saturday hours are provided at four branches in the Seattle-Tacoma CSA AA, two of which are located in moderate-income tracts, a branch in the Spokane-Spokane Valley MSA AA, located in a middle-income tract, and a branch in the Kennewick-Richland-Walla Walla MSA AA, located in a moderate-income tract. These extended hours in Washington bolster the institution's overall reasonableness of business hours, but do not change conclusions for the criteria.

Community Development Services

The institution provides a relatively high level of CD services in Washington. Total service hours provided by BB employees consisted of 1,732 qualifying instances of service to 125 different CD organizations. CD service levels significantly increased from the prior evaluation, when employees provided 734 separate instances of service totaling 1,899 hours. While the increase in hours is partially attributable to a longer review period, both instances and hours more than doubled. The majority of CD service hours related to the provision of community services, an identified CD need in most of the Washington AAs. Service hours were provided in each Washington AA, with nearly half the bank's total hours provided in the Seattle-Tacoma CSA AA, where the bank maintains the largest physical presence. See the following table.

Community Development Services by Assessment Area and Purpose					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize Stabilize	Totals
	# Hours	# Hours	# Hours	# Hours	# Hours
Seattle-Tacoma CSA	222	1,558	352	-	2,132
Kennewick-Richland-Walla Wall CSA	-	829	45	2	876
Bellingham MSA	25	22	-	-	47
Spokane-Spokane Valley MSA	92	1,093	107	-	1,292
Washington Non-MSA	7	64	5	-	76
Wenatchee MSA	26	128	20	-	174
Yakima MSA	-	386	59	-	445
<i>Statewide Activities</i>	6	2	-	-	8
Total	378	4,082	588	2	5,050

Source: Bank Data

As shown in the above table, a small number of service hours were provided to the regional Washington area. Both instances involved financial education; one employee taught financial education at a senior center in a low-income area and another taught a first-time homebuyer class to LMI individuals.

SEATTLE-TACOMA CSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE SEATTLE-TACOMA CSA ASSESSMENT AREA

The Seattle-Tacoma CSA AA is located in northern and central-coastal Washington and consists of:

- All 398 CTs of King County and all 151 CTs of Snohomish County, which together form the Seattle-Bellevue-Kent MSA;
- All 172 CTs of Pierce County, which forms the Tacoma-Lakewood MSA; and
- All 30 CTs of Skagit County, which forms the Mount Vernon-Anacortes MSA.

The bank removed all 55 CTs of Kitsap County, which forms the Bremerton-Silverdale-Port Orchard MSA, from the AA in 2018. Additionally, the bank removed Island County, a non-MSA county designated as a micropolitan statistical area of the Seattle-Tacoma CSA, in 2021.

As such, Kitsap County was removed from the Seattle-Tacoma CSA AA analysis starting in 2019 and Island County was removed from the AA analysis starting in 2021.

Economic and Demographic Data

The following tables provide key demographic data for the AA in 2018, including Kitsap County, and 2019 and 2020, excluding Kitsap County.

According to the 2015 ACS Census, the 2018 Seattle-Tacoma CSA AA contained 43 low-, 182 moderate-, 359 middle-, and 235 upper-income CTs, as well as 9 CTs with no income designation.

Demographic Information of the Assessment Area						
Assessment Area: Seattle-Tacoma CSA 2018						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	828	5.2	22.0	43.4	28.4	1.1
Population by Geography	4,068,474	5.2	22.3	43.8	28.5	0.2
Housing Units by Geography	1,698,509	5.2	21.8	43.6	29.3	0.1
Owner-Occupied Units by Geography	955,776	2.4	17.0	46.8	33.8	0.0
Occupied Rental Units by Geography	618,932	9.3	29.0	38.9	22.6	0.3
Vacant Units by Geography	123,801	5.8	23.3	42.2	28.5	0.1
Businesses by Geography	439,542	5.2	18.3	39.4	36.7	0.3
Farms by Geography	8,789	3.3	16.2	47.1	33.3	0.1
Family Distribution by Income Level	996,836	20.9	17.6	20.9	40.6	0.0
Household Distribution by Income Level	1,574,708	23.5	16.2	18.3	41.9	0.0
Median Family Income MSA - 14740 Bremerton-Silverdale-Port Orchard, WA MSA	\$75,652	Median Housing Value		\$338,442		
Median Family Income MSA - 34580 Mount Vernon-Anacortes, WA MSA	\$65,272	Median Gross Rent		\$1,175		
Median Family Income MSA - 42644 Seattle-Bellevue-Kent, WA	\$92,317	Families Below Poverty Level		7.5%		
Median Family Income MSA - 45104 Tacoma-Lakewood, WA	\$71,304					
Median Family Income Non-MSAs - WA	\$58,240					
Source: 2015 ACS and 2020 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

According to the 2015 ACS Census, the 2019 and 2020 Seattle-Tacoma CSA AA contained 42 low-, 170 moderate-, 328 middle-, and 225 upper-income CTs, as well as 8 CTs with no income designation.

Demographic Information of the Assessment Area Seattle-Tacoma CSA 2019-2020						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	751	5.5	22.4	43.1	28.1	0.9
Population by Geography	3,733,704	5.6	22.5	43.4	28.3	0.3
Housing Units by Geography	1,549,226	5.5	22.2	43.2	29.0	0.1
Owner-Occupied Units by Geography	867,658	2.6	17.6	46.4	33.5	0.0
Occupied Rental Units by Geography	576,186	9.8	28.6	38.6	22.7	0.3
Vacant Units by Geography	105,382	6.4	24.6	42.5	26.3	0.2
Businesses by Geography	410,937	5.5	18.7	39.0	36.5	0.3
Farms by Geography	7,832	3.6	17.3	47.4	31.6	0.1
Family Distribution by Income Level	908,964	21.2	17.6	20.8	40.4	0.0
Household Distribution by Income Level	1,443,844	23.7	16.3	18.2	41.8	0.0
Median Family Income MSA - 34580 Mount Vernon-Anacortes, WA MSA		\$65,272	Median Housing Value			\$344,737
Median Family Income MSA - 42644 Seattle-Bellevue-Kent, WA		\$92,317	Median Gross Rent			\$1,185
Median Family Income MSA - 45104 Tacoma-Lakewood, WA		\$71,304	Families Below Poverty Level			7.5%
<i>Source: 2015 ACS and 2020 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>						

Moody's data indicates cost of living and home prices throughout the AA are high, particularly in the Seattle metropolitan area. Median family incomes in the AA generally increased over the review period and were highest in the Seattle metropolitan area; see the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Bremerton-Silverdale-Port Orchard, WA MSA Median Family Income (14740)				
2018 (\$82,600)	<\$41,300	\$41,300 to <\$66,080	\$66,080 to <\$99,120	≥\$99,120
Mount Vernon-Anacortes, WA MSA Median Family Income (34580)				
2018 (\$69,100)	<\$34,550	\$34,550 to <\$55,280	\$55,280 to <\$82,920	≥\$82,920
2019 (\$79,100)	<\$39,550	\$39,550 to <\$63,280	\$63,280 to <\$94,920	≥\$94,920
2020 (\$78,400)	<\$39,200	\$39,200 to <\$62,720	\$62,720 to <\$94,080	≥\$94,080
Seattle-Bellevue-Kent, WA Median Family Income (42644)				
2018 (\$103,400)	<\$51,700	\$51,700 to <\$82,720	\$82,720 to <\$124,080	≥\$124,080
2019 (\$108,600)	<\$54,300	\$54,300 to <\$86,880	\$86,880 to <\$130,320	≥\$130,320
2020 (\$113,300)	<\$56,650	\$56,650 to <\$90,640	\$90,640 to <\$135,960	≥\$135,960
Tacoma-Lakewood, WA Median Family Income (45104)				
2018 (\$74,600)	<\$37,300	\$37,300 to <\$59,680	\$59,680 to <\$89,520	≥\$89,520
2019 (\$80,200)	<\$40,100	\$40,100 to <\$64,160	\$64,160 to <\$96,240	≥\$96,240
2020 (\$87,300)	<\$43,650	\$43,650 to <\$69,840	\$69,840 to <\$104,760	≥\$104,760
WA NA Median Family Income (99999)				
2018 (\$65,000)	<\$32,500	\$32,500 to <\$52,000	\$52,000 to <\$78,000	≥\$78,000
2019 (\$63,500)	<\$31,750	\$31,750 to <\$50,800	\$50,800 to <\$76,200	≥\$76,200
2020 (\$65,500)	<\$32,750	\$32,750 to <\$52,400	\$52,400 to <\$78,600	≥\$78,600
<i>Source: FFIEC</i>				

Unemployment in the area was generally less favorable than state or national averages but was relatively stable between 2018 and 2019; however, unemployment levels in 2020 increased dramatically, particularly in King and Snohomish counties, as a result of the coronavirus pandemic. See the following table.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Island County	5.2	5.0	8.3
King County	3.3	2.6	7.5
Kitsap County	4.6	-	-
Pierce County	5.1	5.1	9.6
Skagit County	5.1	5.4	9.7
Snohomish County	3.6	2.8	8.4
Washington State	3.4	3.1	6.5
National Average	3.9	3.7	8.1
<i>Source: Bureau of Labor Statistics; '-' area not included in the AA in applicable year</i>			

The sharp increase in unemployment in the AA is unsurprising, as D&B data indicates 37.1 percent of businesses within the AA are classified as service and 9.4 percent of business classified as retail trade—two of the industries most impacted by COVID-19 stay-at-home orders. Further, Boeing is a major employer of the area and lack of demand for new commercial

jets due to the pandemic and the grounding of the 737 MAX Model due to air safety concerns resulted in layoffs of over 30,000 individuals nationwide, or almost 20.0 percent of Boeing's total workforce, throughout 2020.

Moody's data indicates the cost of operating a business is more affordable than the national average in the AA, except the Seattle metropolitan area, where cost is higher. The majority of businesses in the AA are very small: 58.5 percent of the businesses employ four or fewer employees, and 92.9 percent of the business operate from single location. However, most of the workforce is employed by large entities; in addition to Boeing, other major employers include Joint Base Lewis-McCord, Amazon, and Microsoft.

Competition

According to the June 30, 2020, FDIC Deposit Market Share Report, 50 institutions operate 846 full-service branches within the Seattle-Tacoma CSA AA. Of these, BB ranked 14th, with a deposit market share of 1.6 percent.

Community Contact

Examiners reviewed a recent community contact from an economic development organization that serves small and minority-owned businesses throughout the Puget Sound area. The contact stated that the pandemic significantly affected the AA, particularly in the retail and the hospitality sectors, and noted that there is ample of opportunity for financial institutions to provide support in short-term loans to small businesses.

Credit and Community Development Needs and Opportunities

Considering information from bank management, the community contact, and demographic data, affordable housing lending programs and short-term small business lending are the primary credit needs in the AA. The high cost of living, low housing affordability, and high unemployment support the need for affordable housing, while community contact and demographic data on small businesses support the need for small business bridge loans. Additionally, population demographics and discussion with bank management indicate that community services represent a key CD need of the AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE SEATTLE-TACOMA CSA ASSESSMENT AREA

LENDING TEST

Lending Test performance in the Seattle CSA AA is consistent with Washington conclusions.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs. Lending product trends in the Seattle-Tacoma CSA AA are consistent with overall bank trends; see bankwide section for detail. According to 2018 Peer Mortgage Data, BB ranked 40th out of 703 reporting lenders in the AA with a market share of 0.5 percent by number. Peer Small Business Data for 2018 ranked BB 15th out of 152 reporting lenders in the AA with a market share of 1.0 percent. According to 2019 aggregate

data, BB ranked 36th of 709 home mortgage reporting lenders and 144th of 144 small business reporting lenders in the AA, giving the bank a market share of 0.6 percent and 1.0 percent, respectively.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the AA. This conclusion is supported by the good geographic distribution performance of both home mortgage and small business loans; see the following subsections.

Home Mortgage Loans

In 2018, performance in low-income tracts was in line with peer and demographic data, while performance in moderate income tracts was slightly below peer and demographics. Performance in low-income tracts remained in line with demographics and peer in 2019, while performance in moderate-income tracts significantly improved and came in line with both metrics.

Management attributes performance in moderate-income tracts in 2018 to staff attrition; in 2019, the bank hired additional mortgage loan officers (MLOs), including an MLO specifically tasked with focusing on LMI lending efforts and increasing utilization of affordable mortgage and down payment assistance programs. The bank's efforts in the AA were successful—the number of mortgage loans originated to LMI borrowers, particularly moderate-income borrowers, nearly doubled between 2018 and 2019 and remained stable in 2020. Considering these factors, overall performance is good.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Seattle-Tacoma CSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	2.4	2.6	25	2.9	56,048	17.5
2019	2.6	2.3	30	2.5	10,294	2.3
Moderate						
2018	17.0	18.2	110	12.9	44,975	14.1
2019	17.1	17.5	210	17.3	135,824	29.7
Middle						
2018	46.8	47.6	380	44.7	129,697	40.6
2019	45.6	47.2	542	44.7	147,141	32.2
Upper						
2018	33.8	31.6	335	39.4	88,835	27.8
2019	34.7	33.0	430	35.5	164,236	35.9
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2018	100.0	100.0	850	100.0	319,556	100.0
2019	100.0	100.0	1,212	100.0	457,495	100.0
Source: 2015 ACS; Bank Data, 2018, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

Lending to low-income CTs exceeded demographics in 2018, 2019, and 2020, and was above aggregate in 2018 and 2019. Lending in moderate-income tracts remained generally commensurate with peer and demographic comparators over the review period—lending was slightly above aggregate in 2018, slightly below aggregate in 2019, and generally in line with demographic data in all three years. Further, demographic data slightly decreased from 2019 to 2020, indicating some amount of shrinkage in opportunity for lending in moderate-income tracts during that time. Overall, this performance is good; see the following table.

Geographic Distribution of Small Business Loans						
Assessment Area: Seattle-Tacoma CSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	5.6	5.3	64	6.7	14,820	8.4
2019	5.7	5.8	72	6.9	15,871	8.8
2020	5.2	--	156	5.7	31,663	8.8
Moderate						
2018	19.1	17.8	186	19.5	32,671	18.6
2019	19.3	19.1	186	17.9	28,710	16.0
2020	18.3	--	456	16.6	59,699	16.6
Middle						
2018	39.7	40.3	387	40.5	71,364	40.6
2019	39.0	39.3	435	41.9	74,083	41.2
2020	39.4	--	1,175	42.9	154,157	42.9
Upper						
2018	35.2	36.2	317	33.2	56,945	32.4
2019	35.7	35.5	340	32.8	60,562	33.7
2020	36.7	--	933	34.1	110,567	30.7
Not Available						
2018	0.4	0.4	2	0.2	65	0.0
2019	0.4	0.4	5	0.5	470	0.3
2020	0.3	--	20	0.7	3,559	1.0
Totals						
2018	100.0	100.0	956	100.0	175,865	100.0
2019	100.0	100.0	1,038	100.0	179,696	100.0
2020	100.0	--	2,740	100.0	359,645	100.0
<i>Source: 2018, 2019 & 2020 D&B Data; Bank Data; 2018, 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different size. This conclusion is supported by good home mortgage and excellent small business lending performance; see the following subsections.

Home Mortgage Loans

The distribution of home mortgage lending reflects good penetration to LMI borrowers; see the following table. As previously discussed, loss of personnel impacted the bank's performance in

2018—and lending to both low-and moderate-income borrowers trailed aggregate slightly as a result. However, 2019 performance improved to come in line with comparable metrics and the number of loans to LMI borrowers nearly doubled. Although not presented in the below table, BB’s 2017 lending performance is also relevant. The bank’s 6.9 percent rate of lending to low-income borrowers exceeded aggregate of 4.0 percent, while lending to moderate-income borrowers, at 25.4 percent, was well above the 16.0 percent achieved by aggregate. Considering these factors, overall penetration to LMI borrowers is good.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Seattle-Tacoma CSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	20.9	4.5	29	3.4	4,042	1.3
2019	21.1	4.4	70	5.8	4,549	1.0
Moderate						
2018	17.6	15.2	97	11.4	17,296	5.4
2019	17.6	14.5	186	15.3	29,167	6.4
Middle						
2018	20.9	24.6	165	19.4	33,385	10.4
2019	20.8	24.0	261	21.5	55,787	12.2
Upper						
2018	40.6	44.2	515	60.6	136,147	42.6
2019	40.6	43.2	623	51.4	184,908	40.4
Not Available						
2018	0.0	11.6	44	5.2	128,686	40.3
2019	0.0	13.8	72	5.9	183,084	40.0
Totals						
2018	100.0	100.0	850	100.0	319,556	100.0
2019	100.0	100.0	1,212	100.0	457,495	100.0

*Source: 2015 ACS; Bank Data, 2018, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The distribution of small business lending reflects excellent penetration to small business borrowers; see the following table. Lending to small businesses in 2018 was above aggregate. While lending percentages remained steady between years, 2019 aggregate increased slightly and the bank’s performance was in line with peer lending.

Lending percentages for 2020 were impacted by saturation of loans without revenues and lending to small businesses by number declined from prior years as the focus of the bank’s lending officers was on PPP lending. However, of the loans made only to businesses with

reported revenues, 49.7 percent were made to businesses with GARs of \$1 million or less, which is approximately consistent with lending percentages in prior years. Further, a significant majority of the loans reported as revenue not available were PPP loans, which were particularly impactful to many small businesses throughout the AA. Considering all factors, overall lending to small borrowers is excellent.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Seattle-Tacoma CSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	86.1	45.4	489	51.2	63,836	36.3
2019	87.1	48.8	520	50.1	55,243	30.7
2020	90.1	--	344	12.6	49,570	13.8
>1,000,000						
2018	5.0	--	455	47.6	108,146	61.5
2019	4.6	--	514	49.5	124,323	69.2
2020	3.4	--	348	12.7	92,687	25.8
Revenue Not Available						
2018	9.0	--	12	1.3	3,883	2.2
2019	8.3	--	4	0.4	130	0.1
2020	6.5	--	2,048	74.7	217,388	60.4
Totals						
2018	100.0	100.0	956	100.0	175,865	100.0
2019	100.0	100.0	1,038	100.0	179,696	100.0
2020	100.0	--	2,740	100.0	359,645	100.0

*Source: 2018, 2019 & 2020 D&B Data; Bank Data; 2018, 2019 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%*

Community Development Loans

BB is a leader in making CD loans in the Seattle-Tacoma CSA AA; see the following table. CD lending in the AA increased significantly from the prior evaluation, where BB originated 25 loans totaling \$121.6 million. The increase is partially attributable to a longer examination period, but also due to the PPP—34 of the loans, totaling \$65.2 million, were originated through the PPP. These loans were considered a critical CD need in the AA during the pandemic. Additionally, most CD lending dollars went towards affordable housing, a CD need for the AA identified by community contact and demographic and economic data. These factors demonstrate BB’s responsiveness.

Community Development Loans by Area and Purpose										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017	-	-	-	-	-	-	-	-	-	-
2018	10	62,182	1	3,400	2	4,245	-	-	13	69,827
2019	5	68,425	1	25	-	-	-	-	6	68,450
2020	6	11,344	3	1,050	6	15,426	21	37,149	36	64,969
2021 YTD	2	15,092	-	-	-	-	8	13,630	10	28,722
Total	23	157,043	5	4,475	8	19,671	29	50,779	65	231,968

Source: Bank Data

Examples of CD loan activity include the following.

- In 2021, the bank supported affordable housing initiatives in the AA by refinancing an \$11.7 million loan on a multifamily complex in which 78 units, representing the majority, were set aside for LMI individuals and families.
- In 2019, the bank added to the AA’s affordable housing stock by participating as the lead lender in a \$46.4 million loan to acquire six apartment complexes where 274 units are specifically set-aside for LMI individuals and families.
- In 2018, the bank originated two loans, totaling \$4.2 million, through the New Market Tax Credit (NMTC) program, which supported the economic development of small businesses operating and providing jobs in LMI tracts in the AA.

INVESTMENT TEST

Investment Test performance in the Seattle-Tacoma CSA AA is consistent with Washington conclusions.

Investment and Grant Activity

BB has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. While CD investments and grants decreased from the \$30.1 million targeting the AA at the previous evaluation, the majority of the total investment activity at the last examination were prior period, with new monies representing about \$12.5 million, compared to \$21.2 million of new monies invested during the current review period. Additionally, BB outperformed peer institutions in the investment of funds and provision of grants to the AA.

Qualified Investments by Year and Purpose										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	3	2,073	4	3,388	-	-	-	-	7	5,461
2017	-	-	-	-	-	-	-	-	-	-
2018	1	5,000	-	-	-	-	-	-	1	5,000
2019	1	13,295	-	-	-	-	-	-	1	13,295
2020	1	2,000	2	251	-	-	-	-	3	2,251
2021 YTD	-	-	-	-	-	-	-	-	-	-
Subtotal	6	22,368	6	3,639	-	-	-	-	12	26,007
Qualified Grants & Donations	50	266	84	357	7	45	-	-	141	668
Total	56	22,634	90	3,996	7	45	-	-	153	26,675

Source: Bank Data

The following are examples of the institution’s CD investments and donations in the AA.

- In 2020, the bank received \$250,000 of CD grant credit for the in-kind donation of a branch location. The building was donated to three entities, all of which provide community services to the local LMI population.
- In 2019, the bank invested \$13.3 million in an MBS where the underlying multifamily loans provided 180 units of rent-restricted housing for low-income families in the AA.
- In 2018, the bank invested \$5.0 million in an affordable housing bond to fund construction of two apartment complexes where the 140 units, representing the majority, are set aside for low-income renters.

Responsive to Credit and Community Development Needs

BB exhibits good responsiveness to credit and CD needs in the AA. Refer to the Washington rated area for detail.

Community Development Initiatives

The bank did not use innovative and/or complex investments to support CD initiatives in the AA; refer to overall conclusions for detail.

SERVICE TEST

Service Test performance in the Seattle-Tacoma CSA AA is consistent with Washington conclusions.

Accessibility of Delivery Systems

Service delivery systems are accessible to essentially all portions of the AA. BB operates 33 full-service branches, 22 ATMS, and 6 LPOs in the AA. Two, or 7.7 percent, of the bank’s branches, are located in low-income tracts, which is slightly below to the 9.4 percent of branches operated in these geographies by other institutions in the AA and below the percentage of low-

income households and families in the area. Six, or 23.1 percent, of the bank's branches are located in moderate-income tracts, which is in line with households, families, and businesses in the AA and exactly equal to the percentage of branches other institutions operate in these geographies.

Of the remaining branches, 12 are located in middle- and 6 are located in upper-income tracts. Mapping of branch locations did not indicate arbitrary exclusion of any specific LMI areas in the AA and demonstrated that 12 of the branches in middle- or upper-income areas are proximate to LMI geographies, improving accessibility for LMI individuals in the AA. Refer to bankwide section for discussion of alternative delivery systems, which further bolster accessibility of delivery systems.

Changes in Branch Locations

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. The bank opened eight branches during the review period: two in moderate-income, five in middle-income, and one in an upper-income tract. BB also closed eight branches: four in moderate-, three in middle-, and one in an upper-income tract.

Branch changes in the AA during the review period were attributable to the institution's absorption of Skagit Bank. All eight branches opened during the review period were branches acquired from Skagit, and closed branches were primarily the result of branch consolidations where acquired branches overlapped with market areas of existing BB locations. While BB closed two more branches in LMI areas than it opened during the review period, mapping of branch closures demonstrates that the proximity of other BB locations generally mitigates impact to LMI individuals.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and/or individuals. Refer to Washington rated area and bankwide discussion for detail.

Community Development Services

BB provides a relatively high level of CD services to the Seattle-Tacoma CSA AA. Service hours consisted of 691 instances of service to 60 different CD organizations. Performance increased from the prior evaluation, where bank employees provided 259 instances of service totaling 868 hours. While growth is partially attributable to a longer review period, service hours more than doubled from the prior evaluation, demonstrating management's support for their employees in the provision of service. Additionally, BB's level of service hours provided in the AA compares favorably to peer institutions.

Community Development Services by Year and Purpose					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	# Hours	# Hours	# Hours	# Hours	# Hours
2017	-	15	5	-	20
2018	118	633	136	-	887
2019	35	621	83	-	739
2020	46	258	128	-	432
2021 YTD	23	31	-	-	54
Total	222	1,558	352	-	2,132
<i>Source: Bank Data</i>					

The following are examples of services provided to the AA by BB employees.

- A bank employee promoted economic development, contributing a combined 228 hours of service from 2018 to 2020, through participation on the Board of an organization with a primary purpose of developing and supporting small businesses in the AA.
- From 2018 to 2021, one bank employee supported affordable housing through 47 hours of service on the Board of a local organization that provides housing assistance, housing education, and affordable properties to LMI members of the community.
- In 2018, a bank executive promoted affordable housing through 48 hours of service on a state-appointed team dedicated to increasing housing access and affordability in the AA.

KENNEWICK-RICHLAND-WALLA WALLA CSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE KENNEWICK-RICHLAND-WALLA WALLA CSA ASSESSMENT AREA

The Kennewick-Richland-Walla Walla CSA AA is located in southeastern Washington, along the border with Oregon, and consists of:

- All 37 CTs of Benton County and all 13 CTs of Franklin County, which together form the Kennewick-Richland MSA; and
- All 12 CTs of Walla Walla County, which forms the Walla Walla MSA

BB did not make any changes to the AA since the previous evaluation. However, Columbia County was part of the Walla Walla MSA in 2018 and the county was re-designated as a non-MSA in 2019. Therefore, the single CT that forms Columbia County is included in the Kennewick-Richland-Walla Walla CSA analysis in 2018 and included in the Washington Non-MSA analysis starting in 2019.

Economic and Demographic Data

According to the 2015 ACS data, the AA consists of 2 low-, 16 moderate-, 24 middle-, and 17 upper-income tracts, as well as 3 CTs with no income designation. As discussed, the 2018 AA included Columbia County’s single CT; however, inclusion of this middle-income tract only minimally impacted demographic data for the AA, so demographic data prior to 2019 is not separately presented. See the following table.

Demographic Information of the Assessment Area						
Kennewick-Richland-Walla Walla CSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	62	3.2	25.8	38.7	27.4	4.8
Population by Geography	331,099	3.4	28.1	40.5	27.1	0.9
Housing Units by Geography	121,270	3.3	26.2	41.8	28.7	0.0
Owner-Occupied Units by Geography	76,047	1.7	22.1	40.7	35.5	0.0
Occupied Rental Units by Geography	37,804	6.7	34.4	42.8	16.1	0.0
Vacant Units by Geography	7,419	1.8	26.8	48.5	23.0	0.0
Businesses by Geography	24,553	2.0	25.4	41.8	30.4	0.3
Farms by Geography	1,652	1.2	19.7	59.2	19.7	0.1
Family Distribution by Income Level	79,525	21.6	17.2	19.9	41.2	0.0
Median Family Income MSA - 28420 Kennewick-Richland, WA MSA		\$66,500	Median Housing Value			\$181,634
Median Family Income MSA - 47460 Walla Walla, WA MSA		\$62,309	Median Gross Rent			\$820
			Families Below Poverty Level			12.1%
<i>Source: 2015 ACS and 2020 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>						

Family incomes fluctuated in the Kennewick-Richland area and increased slightly in the Walla Walla area of the AA over the review period; see the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Kennewick-Richland, WA MSA Median Family Income (28420)				
2018 (\$72,800)	<\$36,400	\$36,400 to <\$58,240	\$58,240 to <\$87,360	≥\$87,360
2019 (\$78,000)	<\$39,000	\$39,000 to <\$62,400	\$62,400 to <\$93,600	≥\$93,600
2020 (\$77,500)	<\$38,750	\$38,750 to <\$62,000	\$62,000 to <\$93,000	≥\$93,000
Walla Walla, WA MSA Median Family Income (47460)				
2018 (\$67,100)	<\$33,550	\$33,550 to <\$53,680	\$53,680 to <\$80,520	≥\$80,520
2019 (\$67,100)	<\$33,550	\$33,550 to <\$53,680	\$53,680 to <\$80,520	≥\$80,520
2020 (\$69,900)	<\$34,950	\$34,950 to <\$55,920	\$55,920 to <\$83,880	≥\$83,880
<i>Source: FFIEC</i>				

Unemployment rates in the AA were higher than national averages and generally above Washington averages during the review period; see the following.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Benton County	5.2	5.2	8.2
Columbia County	5.5	-	-
Franklin County	6.0	6.4	8.9
Walla Walla County	4.7	4.9	6.8
Washington State	3.4	3.1	6.5
National Average	3.9	3.7	8.1

Source: Bureau of Labor Statistics; '-' denotes county not included in the AA

Despite higher-than-state unemployment rates, Moody’s Analytics reports from January 2021 indicate pandemic recovery in the AA is the strongest in Washington. Additionally, while less favorable than national averages, cost of living and home affordability in the area compares favorably to statewide averages. Cost of business is lower than both state and national averages.

According to D&B data, service and retail trade represent the largest non-farm industries in the AA and the majority of businesses by number are very small—66.8 percent of businesses employ four or fewer employees and 88.7 percent operate from a single location. Top employers in the area include Kadlec Regional Medical Center, Broetje Orchards, and the Hanford site.

Competition

According to the June 30, 2020, FDIC Deposit Market Share Report, 19 institutions operate 70 full-service branches within the Kennewick-Richland-Walla Walla CSA AA. BB ranked 1st among these institutions, with a 21.0 percent deposit market share.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic data, flexible small business lending is a primary credit need in the AA. Similarly, economic development support for entrepreneurs and very small businesses, particularly technical assistance and coaching, is a primary CD need in the AA. Area demographics and D&B data support these conclusions.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE KENNEWICK-RICHLAND-WALLA WALLA CSA ASSESSMENT AREA

LENDING TEST

Lending Test performance in the Kennewick-Richland-Walla Walla CSA AA is consistent with Washington conclusions.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs. Lending product trends in the AA are consistent with overall bank trends; see bankwide section for detail. According to 2018 Peer Mortgage Data, BB ranked 8th out of the 354 reporting institutions in the AA, giving the bank a market share of 3.1 percent by number. Peer Small Business Data for the same year, ranked BB 7th of 66 reporting institutions in the AA, with a market share of 5.6 percent by number. As of 2019

aggregate data, BB ranked 5th of 383 home mortgage reporting lenders and 7th of 61 small business reporting lenders in the AA, giving the bank a market share of 3.1 percent and 5.4 percent, respectively.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the AA. This conclusion is supported by adequate penetration of home mortgage and good penetration of small business lending to LMI geographies; see the following subsections.

Home Mortgage Loans

BB's lending in low-income tracts was in line with aggregate and demographic data in both 2018 and 2019. Lending in moderate-income tracts was generally in line with aggregate data in 2018 and fell to below aggregate in 2019. However, lending in LMI tracts trended up in 2020—to 3.3 percent in low-income tracts, and 16.8 percent in moderate-income tracts. Overall, this performance is adequate; see the following table.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Kennewick-Richland-Walla-Walla CSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	1.7	1.6	7	1.7	821	1.1
2019	1.7	1.4	7	1.5	734	0.8
Moderate						
2018	21.8	19.8	76	18.1	11,301	14.5
2019	22.1	19.2	70	15.4	10,849	11.9
Middle						
2018	41.7	40.0	218	52.0	40,067	51.4
2019	40.7	39.1	244	53.6	48,371	53.0
Upper						
2018	34.9	38.6	118	28.2	25,711	33.0
2019	35.5	40.1	134	29.5	31,304	34.3
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.1	0	0.0	0	0.0
Totals						
2018	100.0	100.0	419	100.0	77,901	100.0
2019	100.0	100.0	455	100.0	91,257	100.0

*Source: 2015 ACS; Bank Data, 2018, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

Lending to low-income CTs exceeded demographic data in all years and was more than double aggregate in 2018 and 2019. Moderate-income tract lending was slightly below peer and demographics in 2018, but came in line with both in 2019. While 2020 performance returned to 2018 levels and was again slightly below demographic data, the percent of businesses in moderate-income tracts slightly decreased from 2019 to 2020, indicating some amount of shrinkage in opportunity of lending to these tracts during this time. Overall, and particularly due to lending in low-income CTs, performance is good; see the following table.

Geographic Distribution of Small Business Loans						
Assessment Area: Kennewick Richland-Walla-Walla CSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	2.2	2.4	15	5.7	3,864	8.9
2019	2.2	2.1	16	5.7	5,042	10.0
2020	2.0	--	38	5.2	5,810	8.0
Moderate						
2018	26.1	26.1	60	22.9	14,417	33.1
2019	26.1	26.7	78	27.7	15,191	30.2
2020	25.0	--	156	21.4	16,787	23.2
Middle						
2018	44.0	41.0	120	45.8	14,045	32.2
2019	42.5	41.1	122	43.3	18,955	37.7
2020	42.8	--	360	49.5	32,815	45.3
Upper						
2018	27.3	30.0	65	24.8	10,393	23.8
2019	28.8	29.8	64	22.7	10,563	21.0
2020	29.9	--	171	23.5	16,809	23.2
Not Available						
2018	0.4	0.4	2	0.8	871	2.0
2019	0.4	0.3	2	0.7	500	1.0
2020	0.3	--	3	0.4	278	0.4
Totals						
2018	100.0	100.0	262	100.0	43,590	100.0
2019	100.0	100.0	282	100.0	50,251	100.0
2020	100.0	--	728	100.0	72,499	100.0

*Source: 2018, 2019 & 2020 D&B Data; Bank Data; 2018, 2019 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different size in the AA. This conclusion is supported by BB's good home mortgage and excellent small business lending performance. See the following subsections.

Home Mortgage Loans

Lending to low-income borrowers was below demographics but above aggregate, while lending to moderate-income borrowers was in line with both metrics in 2018 and 2019. Despite a slight decline in the percentage of lending to LMI borrowers from 2018 to 2019, lending by number to these borrowers increased over the same period. Overall, this performance is good. See the following table.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Kennewick Richland-Walla-Walla CSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	21.7	5.9	34	8.1	3,606	4.6
2019	21.6	5.4	36	7.9	3,196	3.5
Moderate						
2018	17.3	18.2	79	18.9	11,624	14.9
2019	17.2	17.4	81	17.8	11,731	12.9
Middle						
2018	19.9	24.7	93	22.2	15,327	19.7
2019	19.9	24.4	94	20.7	18,630	20.4
Upper						
2018	41.1	38.2	193	46.1	43,761	56.2
2019	41.2	38.2	221	48.6	52,025	57.0
Not Available						
2018	0.0	12.9	20	4.8	3,582	4.6
2019	0.0	14.6	23	5.1	5,677	6.2
Totals						
2018	100.0	100.0	419	100.0	77,901	100.0
2019	100.0	100.0	455	100.0	91,257	100.0
<i>Source: 2015 ACS; Bank Data, 2019, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

BB's lending to small businesses exceeded peer in both 2018 and 2019; see the following table. While 2020 was significantly impacted by the influx of loans reported without GARs, the ratio of loans originated to businesses with GARs of \$1 million or less to businesses with GARs of

greater than \$1 million is similar to that of prior years. A significant majority of the loans reported as revenue not available were PPP loans, which were particularly impactful to many small businesses throughout the AA. Considering all factors, overall lending to small borrowers is excellent.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Kennewick-Richland-Walla Walla CSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	82.9	46.1	156	59.5	16,783	38.5
2019	84.4	47.3	165	58.5	19,707	39.2
2020	87.6	--	109	15.0	12,829	17.7
>1,000,000						
2018	4.8	--	103	39.3	26,239	60.2
2019	4.4	--	116	41.1	30,539	60.8
2020	3.4	--	84	11.5	19,675	27.1
Revenue Not Available						
2018	12.3	--	3	1.1	568	1.3
2019	11.2	--	1	0.4	5	0.0
2020	9.0	--	535	73.5	39,995	55.2
Totals						
2018	100.0	100.0	262	100.0	43,590	100.0
2019	100.0	100.0	282	100.0	50,251	100.0
2020	100.0	--	728	100.0	72,499	100.0
<i>Source: 2018, 2019 & 2020 D&B Data; Bank Data; 2018, 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Community Development Loans

BB made a relatively high level of CD loans in the Kennewick-Richland-Walla Walla CSA AA; see the following table. CD lending in the AA decreased slightly from the prior evaluation, where BB made 15 loans totaling \$17.8 million; nonetheless, the bank significantly outperformed peer institutions operating in the AA during the review period. Additionally, 4 CD loans, totaling \$6.1 million, were originated through the PPP. These loans were particularly impactful to supporting businesses through the COVID-19 pandemic and demonstrate BB's responsiveness.

Community Development Lending by Year and Purpose										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017	-	-	-	-	-	-	-	-	-	-
2018	2	1,512	2	1,500	-	-	-	-	4	3,012
2019	1	1,330	1	2,500	1	418	-	-	3	4,248
2020	-	-	1	102	1	2,088	2	2,801	4	4,991
2021 YTD	-	-	-	-	-	-	1	1,177	1	1,177
Total	3	2,842	4	4,102	2	2,506	3	3,978	12	13,428
<i>Source: Bank Data</i>										

The following are examples of current period CD loan activity benefitting the AA.

- In 2019, the bank originated a \$417,000 loan to a CDFI in the AA.
- In 2019, the bank originated a \$2.5 million loan to an organization that provides community services and assistance programs to low-income individuals in the AA.
- In 2018, the bank originated a \$1.4 million loan to a local organization providing housing assistance and programs to low-income families in the area.

INVESTMENT TEST

Investment Test performance in the Kennewick-Richland-Walla Walla CSA AA is consistent with the Washington rated area.

Investment and Grant Activity

BB has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. Performance increased from the prior evaluation, where investments and grants totaled \$4.0 million. This increase is primarily attributable to BB's investment in a \$20.0 million MBS in 2019; the underlying multifamily loan provided 455 units of rent-restricted affordable housing and was particularly impactful to LMI families in the AA.

Qualified Investments by Year and Purpose										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	1	128	-	-	-	-	1	128
2017	-	-	-	-	-	-	-	-	-	-
2018	-	-	3	4,000	-	-	-	-	3	4,000
2019	1	20,000	1	485	-	-	-	-	2	20,485
2020	-	-	-	-	-	-	-	-	-	-
2021 YTD	-	-	-	-	-	-	-	-	-	-
Subtotal	1	20,000	5	4,613	-	-	-	-	6	24,613
Qualified Grants & Donations	3	22	34	220	6	36	-	-	43	278
Total	4	20,022	39	4,833	6	36	-	-	49	24,891

Source: Bank Data

The following are other examples of CD investments and grants.

- In 2018, the bank purchased a \$1.0 million school bond to facilitate construction and improvements to a school where the majority of students qualify for free or reduced-cost lunch programs.
- In 2018, the bank donated \$10,000 to an economic development fund that provides financial assistance to women- and minority-owned small businesses in the AA.

Responsiveness to Credit and Community Development Needs

BB exhibits adequate responsiveness to credit and CD needs in the AA. Refer to the Washington rated area for detail.

Community Development Initiatives

The bank did not use innovative and/or complex investments to support CD initiatives in the AA; refer to overall conclusions for detail.

SERVICE TEST

Service Test performance in the Kennewick-Richland-Walla Walla CSA AA is above that of the Washington rated area.

Accessibility of Delivery Systems

Service delivery systems are accessible to essentially all portions of the AA. BB operates 10 full-service branches, 12 ATMS, and a single LPO in the AA. While no branches are located in low-income geographies, aggregate data indicate only 1.4 percent of other lenders operate branches in these areas. Two, or 20.0 percent, of the bank’s branches, are located in moderate-income tracts, which is below the 31.1 percent of branches operated in these geographies by other institutions and the percentages of households, families, and businesses indicated by demographic data. However, branch location mapping demonstrates that of the remaining eight branches, all located in middle-income tracts, five are proximate to LMI geographies.

Additionally, BB maintains a full-service ATM in a low-income CT. Refer to bankwide section for discussion of alternative delivery systems, which further bolster accessibility of delivery systems.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. BB did not open any branches during the review period. The single branch closure in the AA during the review period was located in a middle-income CT and mapping of the closure demonstrates impact to LMI geographies was negligible.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and/or individuals. Refer to Washington rated area and bankwide discussion for detail.

Community Development Services

BB is a leader in providing CD services to the Kennewick-Richland-Walla Walla CSA AA. Total hours consisted of 279 separate instances of service to 24 different CD organizations during the review period. Performance increased exponentially from the prior evaluation, where bank employees provided 104 total hours of service to the AA. The majority of hours supported CD services targeted to LMI families; see the following table.

Community Development Services by Year and Purpose					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	# Hours	# Hours	# Hours	# Hours	# Hours
2017	-	44	-	-	44
2018	-	235	13	-	248
2019	-	356	15	2	373
2020	-	185	14	-	199
2021 YTD	-	9	3	-	12
Total	-	829	45	2	876

Source: Bank Data

The following are CD services provided by bank employees during the review period.

- An employee promoted economic development by constituting 40 hours of service over the review period to an organization that facilitates job creation and retention in the AA.
- Multiple bank employees promoted community service by contributing a total of 51 hours over the review period as Board members and financial education instructors at an organization that provides essential services to LMI individuals in the AA.
- An employee promoted community service by serving 203 hours over the review period on the Board of an organization that provides programs and services to LMI members of the AA.

OTHER ASSESSMENT AREAS – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE ASSESSMENT AREAS

Conclusions for the five Washington AAs reviewed using limited-scope examination procedures are summarized below. Examiners drew conclusions regarding the institution’s CRA performance from reviewing available facts and data, including performance figures, aggregate lending data comparisons, and demographic information. The conclusions inconsistent with the Washington rated area did not alter the bank’s overall performance rating.

Assessment Area	Lending Test	Investment Test	Service Test
Bellingham MSA	Consistent	Below	Below
Spokane-Spokane Valley MSA	Consistent	Below	Consistent
Washington Non-MSA	Consistent	Below	Below
Wenatchee MSA	Below	Below	Below
Yakima MSA	Consistent	Consistent	Consistent

Facts and data supporting conclusions for each limited-scope AA follow, beginning with a summary of the institution’s operations and activities, followed by geographic distribution and borrower profile tables by loan type. Descriptions of the limited scope AAs, including AA, demographic data, and relevant market share information are included in an appendix.

Bellingham MSA

The AA consists of Whatcom County. Branch distribution is consistent with bank performance.

Activity	#	\$(000s)
Small Business Loans	630	64,709
Home Mortgage Loans	416	102,488
CD Loans	4	26,209
CD Investments (New)	-	-
CD Investments (Prior Period)	1	281
CD Donations	23	63
CD Services	26	47 hours

Source: Bank Data

Spokane-Spokane-Valley MSA

The AA consists of Spokane and Stevens counties. Branch distribution is consistent with bank performance.

Activity	#	\$(000's)
Small Business Loans	1,533	214,739
Home Mortgage Loans	880	184,486
CD Loans	23	37,772
CD Investments (New)	1	2,000
CD Investments (Prior Period)	4	2,861
CD Donations	54	282
CD Services	484	1,292 hours
<i>Source: Bank Data</i>		

Washington Non-MSA

The AA consists of Grant, Lincoln, Whitman, Columbia, and San Juan counties. Branch distribution is below bank overall performance.

Activity	#	\$(000's)
Small Business Loans	418	55,674
Home Mortgage Loans	245	47,575
CD Loans	6	20,627
CD Investments (New)	2	2,360
CD Investments (Prior Period)	-	-
CD Donations	9	37
CD Services	43	76 hours
<i>Source: Bank Data</i>		

Wenatchee MSA

The AA consists of Chelan and Douglas counties. Branch distribution is below bank overall performance.

Activity	#	\$(000's)
Small Business Loans	222	33,298
Home Mortgage Loans	504	142,650
CD Loans	-	-
CD Investments (New)	-	-
CD Investments (Prior Period)	1	731
CD Donations	5	21
CD Services	78	174 hours
<i>Source: Bank Data</i>		

Yakima MSA

The AA consists of Yakima County. Branch distribution is consistent with bank performance.

Activity	#	\$(000's)
Small Business Loans	1,011	133,794
Home Mortgage Loans	419	70,397
CD Loans	16	47,388
CD Investments (New)	5	2,015
CD Investments (Prior Period)	5	3,647
CD Donations	19	85
CD Services	129	445 hours
<i>Source: Bank Data</i>		

Geographic Distribution and Borrower Profile

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																		2018
Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Bellingham MSA	185	37,173	6,970	1.0	2.2	1.3	4.1	2.7	4.4	77.8	84.9	80.7	17.0	10.3	13.4	0.1	0.0	0.1
Spokane-Spokane Valley MSA	405	86,389	22,743	0.1	0.0	0.1	20.7	20.7	23.5	45.9	41.7	42.9	33.0	37.0	33.0	0.3	0.5	0.4
Washington Non-MSA	109	22,267	3,765	1.5	0.0	2.5	4.6	11.0	4.8	74.0	62.4	72.9	19.9	26.6	19.7	0.0	0.0	0.0
Wenatchee MSA	223	60,222	3,965	0.0	0.0	0.0	12.3	16.1	12.6	78.4	72.2	78.7	9.3	11.7	8.7	0.0	0.0	0.0
Yakima MSA	194	32,870	5,313	0.0	0.0	0.0	17.6	14.4	12.1	41.2	39.2	39.9	41.3	46.4	48.0	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2018 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																		2019
Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Bellingham MSA	231	65,315	9,387	1.0	2.6	1.3	4.1	3.5	4.4	77.8	82.7	80.8	17.0	11.3	13.3	0.1	0.0	0.2
Spokane-Spokane Valley MSA	475	98,097	28,023	0.1	0.8	0.1	20.7	29.3	22.4	47.5	39.2	44.0	31.4	30.7	33.1	0.3	0.0	0.3
Washington Non-MSA	136	25,308	4,605	1.4	2.9	1.9	4.5	8.8	4.9	75.0	75.7	72.6	19.1	12.5	20.7	0.0	0.0	0.0
Wenatchee MSA	281	82,428	5,022	0.0	0.0	0.0	12.3	14.9	13.5	78.4	73.0	78.0	9.3	12.1	8.5	0.0	0.0	0.0
Yakima MSA	225	37,527	6,321	0.0	0.0	0.0	17.6	17.3	13.6	41.2	44.0	39.7	41.3	38.7	46.7	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																		2018
Assessment Area:	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Bellingham MSA	185	37,173	6,970	20.8	6.5	4.6	17.1	14.6	15.7	22.5	24.9	25.8	39.6	50.8	44.2	0.0	3.2	9.6
Spokane-Spokane Valley MSA	405	86,389	22,743	20.7	3.5	4.7	17.1	14.1	16.6	22.1	18.8	23.0	40.1	58.0	41.0	0.0	5.7	14.8
Washington Non-MSA	109	22,267	3,765	21.7	3.7	6.0	18.1	9.2	15.2	20.8	21.1	23.5	39.4	60.6	39.8	0.0	5.5	15.4
Wenatchee MSA	223	60,222	3,965	19.1	1.8	3.0	19.1	6.3	11.6	22.3	21.1	23.3	39.6	68.6	51.8	0.0	2.2	10.4
Yakima MSA	194	32,870	5,313	20.2	3.6	3.4	18.1	12.4	12.5	20.6	21.6	22.4	41.1	57.7	47.9	0.0	4.6	13.8

Source: 2015 ACS Census; 01/01/2018 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																		2019
Assessment Area:	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Bellingham MSA	231	65,315	9,387	20.8	6.1	4.0	17.1	16.9	15.4	22.5	24.7	25.5	39.6	47.2	44.4	0.0	5.2	10.8
Spokane-Spokane Valley MSA	475	98,097	28,023	20.7	13.1	5.0	17.1	14.9	15.4	22.1	18.1	22.8	40.1	48.6	41.5	0.0	5.3	15.3
Washington Non-MSA	136	25,308	4,605	21.9	6.6	4.0	18.2	17.6	13.1	20.7	15.4	24.0	39.1	55.9	42.5	0.0	4.4	16.5
Wenatchee MSA	281	82,428	5,022	19.1	3.2	3.2	19.1	12.1	10.3	22.3	20.3	21.8	39.6	62.6	52.6	0.0	1.8	12.1
Yakima MSA	225	37,527	6,321	20.2	8.0	4.2	18.1	17.3	13.5	20.6	19.6	23.8	41.1	51.1	42.7	0.0	4.0	15.9

Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																		2018
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Bellingham MSA	117	12,828	4,617	1.6	0.9	1.7	5.4	3.4	6.5	72.8	85.5	74.2	14.7	7.7	12.9	5.5	2.6	4.8
Spokane-Spokane Valley MSA	358	58,093	8,699	3.0	1.4	2.3	32.5	35.8	30.1	38.7	41.6	38.1	24.9	20.7	28.8	0.8	0.6	0.7
Washington Non-MSA	98	16,058	1,910	5.0	2.0	2.1	5.9	14.3	7.8	71.1	62.2	70.9	18.1	21.4	19.2	0.0	0.0	0.0
Wenatchee MSA	47	8,726	2,179	0.0	0.0	0.0	20.1	36.2	18.4	71.3	55.3	73.3	8.6	8.5	8.2	0.0	0.0	0.0
Yakima MSA	239	40,868	3,006	0.0	0.0	0.0	29.0	29.3	24.9	39.3	40.6	42.9	31.7	30.1	32.2	0.0	0.0	0.0

Source: 2018 D&B Data; 01/01/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																		2019
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Bellingham MSA	147	18,260	4,955	1.7	0.0	1.6	5.4	4.8	5.2	72.5	85.0	75.1	14.8	6.1	13.3	5.6	4.1	4.8
Spokane-Spokane Valley MSA	348	62,166	9,152	2.9	2.0	2.5	32.3	45.7	29.7	39.8	37.6	40.3	24.1	14.7	26.8	0.9	0.0	0.7
Washington Non-MSA	100	15,961	1,966	4.6	3.0	1.8	5.7	4.0	6.7	72.0	83.0	70.9	17.7	10.0	20.6	0.0	0.0	0.0
Wenatchee MSA	43	9,137	2,273	0.0	0.0	0.0	20.2	30.2	17.7	71.1	55.8	73.9	8.8	14.0	8.4	0.0	0.0	0.0
Yakima MSA	198	30,610	3,167	0.0	0.0	0.0	28.4	33.8	25.7	39.4	36.4	39.8	32.2	29.8	34.5	0.0	0.0	0.0

Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography													2020
Assessment Area:	Total Loans to Small Businesses		Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Bellingham MSA	366	33,621	1.7	0.8	5.3	4.6	72.3	80.3	15.2	8.2	5.5	6.0	
Spokane-Spokane Valley MSA	827	94,480	3.8	3.2	34.9	35.6	37.0	43.9	24.5	18.3	0.9	0.7	
Washington Non-MSA	220	23,655	2.7	1.6	5.9	5.9	72.0	65.5	18.4	25.5	0.0	0.0	
Wenatchee MSA	132	15,435	0.0	0.0	19.5	31.8	70.8	60.6	9.7	7.6	0.0	0.0	
Yakima MSA	574	62,316	0.0	0.0	26.7	25.6	39.7	38.7	33.5	35.7	0.0	0.0	

Source: 2020 D&B Data; 01/01/2020 - 12/31/2020 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										2018
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Bellingham MSA	117	12,828	4,617	87.1	64.1	43.9	4.9	35.0	7.9	0.9
Spokane-Spokane Valley MSA	358	58,093	8,699	83.5	64.5	47.1	5.5	33.8	11.0	1.7
Washington Non-MSA	98	16,058	1,910	78.5	74.5	53.8	4.9	25.5	16.7	0.0
Wenatchee MSA	47	8,726	2,179	82.6	68.1	47.7	5.2	29.8	12.2	2.1
Yakima MSA	239	40,868	3,006	79.9	54.0	49.8	6.3	45.2	13.8	0.8

Source: 2018 D&B Data; 01/01/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										2019
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Bellingham MSA	147	18,260	4,955	87.9	60.5	47.1	4.7	39.5	7.4	0.0
Spokane-Spokane Valley MSA	348	62,166	9,152	84.9	64.7	49.3	4.9	35.3	10.2	0.0
Washington Non-MSA	100	15,961	1,966	79.6	71.0	52.4	4.6	29.0	15.8	0.0
Wenatchee MSA	43	9,137	2,273	83.9	62.8	46.2	4.8	34.9	11.2	2.3
Yakima MSA	198	30,610	3,167	81.0	53.5	49.6	5.9	46.5	13.1	0.0

Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues								2020
Assessment Area:	Total Loans to Small Businesses		Businesses with Revenues <= 1MM		Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Bellingham MSA	366	33,621	90.5	16.9	3.5	12.3	6.0	70.8
Spokane-Spokane Valley MSA	827	94,480	88.6	17.1	3.6	13.1	7.8	69.9
Washington Non-MSA	220	23,655	83.6	22.7	3.5	10.9	12.9	66.4
Wenatchee MSA	132	15,435	88.1	13.6	3.5	12.1	8.4	74.2
Yakima MSA	574	62,316	84.5	14.8	4.6	11.5	10.8	73.7

*Source: 2020 D&B Data; 01/01/2020 - 12/31/2020 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

OREGON

CRA RATING FOR OREGON: **OUTSTANDING**

The Lending Test is rated: **Outstanding**

The Investment Test is rated: **Outstanding**

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

DESCRIPTION OF INSTITUTION’S OPERATIONS IN OREGON

The rated area consists of three AAs throughout rural areas of Oregon; refer to bankwide Description of Assessment Areas for list and to respective AAs for detail, including key demographic and economic information specific to each.

SCOPE OF EVALUATION – OREGON

Based on lending activity, deposit volume, and branch distribution, the Oregon Non-MSA AA was reviewed using full-scope procedures and contributed the greatest weight to overall conclusions. The remaining Oregon AAs were reviewed using limited-scope procedures and, individually, contributed lesser weight to conclusions. See the following table.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	% Bank Total	\$(000s)	% Bank Total	#	% Bank Total
Oregon Non-MSA	569,075	6.0	1,122,814	9.5	16	10.3
Eugene-Springfield MSA	251,311	2.6	497,607	4.2	9	5.8
Medford-Grants Pass CSA	335,739	3.5	444,101	3.7	6	3.9
Oregon State Total	1,156,125	12.1	2,064,522	17.4	31	20.0

Source: Reported loans 2017, 2018, 2019, and 2020; bank records; FDIC Summary of Deposits (06/30/2020)

Consistent with the overall Scope of Evaluation, home mortgage loans and small business loans were analyzed for all Oregon AAs and contributed equal weight to overall conclusions. Small farm loans were analyzed only in the Oregon Non-MSA, where BB is a leader in the provision of these loans according to market share data.

CONCLUSIONS ON PERFORMANCE CRITERIA IN OREGON

LENDING TEST

Lending Test performance in Oregon is rated “Outstanding.” Performance is consistent with this conclusion in the Oregon Non-MSA and Eugene-Springfield MSA AAs, while performance in the Medford-Grants Pass CSA AA was lower, though still satisfactory.

Lending Activity

BB's lending levels reflect good responsiveness to AA credit needs. Lending product trends in Oregon are consistent with overall bank performance; see bankwide section for discussion. Market share and relative market rank for products reviewed varies by AA; refer to individual analyses for detail.

Geographic Distribution

BB's geographic distribution of loans reflects good penetration throughout the AAs. Performance in the Eugene-Springfield MSA AA is consistent with this conclusion. Performance in the Medford-Grants Pass CSA AA was above state conclusions and performance in the Oregon Non-MSA was lower than state conclusions, though still satisfactory

Borrower Profile

BB's distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among retail customers of different income levels and business customers of different size. Performance is consistent with this conclusion in the Oregon Non-MSA and Eugene-Springfield MSA AAs, while performance in the Medford-Grants Pass CSA AA was lower, though still satisfactory.

Community Development Loans

BB is a leader in making CD loans in Oregon; performance in all AAs is consistent with this conclusion. CD lending in Oregon increased from the prior evaluation, where the bank originated 6 loans totaling \$5.5 million—considered an adequate level. While the growth from the prior evaluation is partially due to a longer review period, the increase is dramatic and primarily attributable to the concerted efforts of BB management to improve CD lending performance in the state. PPP lending in the AA during the pandemic was also impactful, particularly to small businesses; BB originated 9 PPP loans totaling \$19.0 million during the review period. These factors demonstrate BB's responsiveness.

Community Development Loans by Assessment Area and Purpose										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Oregon Non-MSA	6	20,242	3	24,860	3	13,416	6	14,316	18	72,834
Eugene-Springfield MSA	4	6,861	8	6,775	2	4,323	3	2,759	17	20,718
Medford-Grants Pass CSA	9	10,355	7	13,909	2	3,581	1	2,087	19	29,932
<i>Statewide Activities</i>	9	17,236	-	-	3	1,250	-	-	12	18,486
Total	28	54,694	18	45,544	10	22,570	10	19,162	66	141,970

Source: Bank Data

Individual examples of statewide activities, as totaled in the above table, include the following.

- In 2019 and 2020, the bank originated five loans, totaling \$12.4 million, to a CDFI with a mission to provide affordable housing assistance across Oregon.
- In 2019, the bank originated three loans, totaling \$1.3 million, to a CDFI that provides economic development services across the state.

- In 2019, the bank originated a \$1.0 million loan under the Oregon Affordable Housing Tax Credit Program. This project to assisted low-income households to finance 1 of 39 resident-owned manufactured homes.

INVESTMENT TEST

BB’s Investment Test performance in Oregon is rated “Outstanding.” Performance in the Oregon Non-MSA and Eugene-Springfield MSA AAs was consistent with this conclusion, while performance in the Medford-Grants Pass CSA AA was lower, though still satisfactory.

Investment and Grant Activity

BB has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those not routinely provided by private investors. Of the total, 11 investments totaling \$21.8 million, were made during the review period and 5 investments, totaling \$3.3 million, were from the prior period. CD investment volume in Oregon increased from the prior evaluation, where investments and grants totaled \$19.8 million, and compares favorably to peer institutions.

Qualified Investments by Assessment Area and Purpose										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Oregon Non-MSA	-	-	10	15,621	-	-	-	-	10	15,621
Eugene-Springfield MSA	-	-	5	8,572	-	-	-	-	5	8,572
Medford-Grants Pass CSA	-	-	1	1,000	-	-	-	-	1	1,000
<i>Statewide Activities</i>	-	-	1	9,425	-	-	-	-	1	9,425
Subtotal	-	-	17	34,618	-	-	-	-	17	34,618
Grants/Donations	24	86	112	313	1	5	2	8	139	412
Total	24	86	129	34,931	1	5	2	8	156	35,030

Source: Bank Data

As shown above, the institution invested \$9.4 million in the broader statewide area. The investment was a bond that facilitated necessary repairs to a school where the majority of students qualify for free or reduced-cost lunch.

Responsiveness to Credit and Community Development Needs

BB exhibits good responsiveness to credit and CD needs in Oregon. The majority of the bank’s investment and grants supported community services, which was a CD need identified in Oregon, particularly the more rural areas of the AA. Additionally, the majority of investment dollars were new monies, demonstrating management’s current period responsiveness to the rated area.

Community Development Initiatives

The bank did not use innovative and/or complex investments to support CD initiatives in the Oregon rated area; refer to overall conclusions for detail.

SERVICE TEST

Service Test performance in Oregon is rated “High Satisfactory.” Performance in the Oregon Non-MSA AA is consistent with this conclusion, while performance in the Medford-Grants Pass CSA AA is stronger. Performance in the Eugene-Springfield AA was weaker than Oregon overall, but still satisfactory.

Accessibility of Delivery Systems

The bank’s delivery systems are accessible to essentially all portions of the institution’s AA. Branch distribution varies by AA; refer to each for detail. Alternative delivery systems are consistent with the bank overall; refer to bankwide section for detail.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches generally has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals; refer to bankwide section for summary and to individual AAs for detail.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and/or individuals. Refer to bankwide discussion for detail.

Community Development Services

BB provides a relatively high level of CD services in Oregon. Total hours provided by BB employees consisted of 1,157 instances of service to 125 different CD organizations located throughout the AAs. CD service hours nearly doubled from the prior evaluation, where employees provided 420 instances of service, totaling 1,478 hours. Service hours were provided in each Oregon AA, but are particularly notable in the Medford-Grants Pass CSA AA due to BB’s relatively small physical presence in the AA. See the following table.

Community Development Services by Assessment Area and Purpose					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	# Hours	# Hours	# Hours	# Hours	# Hours
Oregon Non-MSA	176	676	118	87	1,057
Eugene-Springfield MSA	13	464	69	2	548
Medford-Grants Pass CSA	380	608	-	-	988
Total	569	1,748	187	89	2,593

Source: Bank Data

OREGON NON-MSA ASSESSMENT AREA– Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE OREGON NON-MSA

The Oregon Non-MSA AA includes portions of the Oregon coastline and northeastern Oregon. While not contiguous, economic and demographic data and lending performance across the counties was generally consistent; therefore, the Oregon non-MSA counties were combined for presentation purposes. The AA consists of:

- All 6 CTs that make up Baker County;
- All 14 CTs that make up Coos County;
- All 23 CTs that make up Douglas County;
- All 2 CTs that make up Morrow County;
- All 15 CTs that make up Umatilla County; and
- All 8 CTs that make up Union County

BB did not make any changes to the Oregon Non-MSA AA during the review period.

Economic and Demographic Data

According to the 2015 ACS data, the Oregon Non-MSA AA contains 4 moderate-, 53 middle-, and 9 upper-income tracts as well as 2 tracts with no income designation. Of the total, five middle-income CTs in the AA, all located in Baker County, were designated as distressed and/or underserved due to their rural nature. Additional demographic data is provided in the following table.

Demographic Information of the Assessment Area						
Oregon Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	68	0.0	5.9	77.9	13.2	2.9
Population by Geography	299,708	0.0	5.2	80.9	13.8	0.0
Housing Units by Geography	134,025	0.0	5.7	81.9	12.3	0.0
Owner-Occupied Units by Geography	76,977	0.0	5.5	81.4	13.1	0.0
Occupied Rental Units by Geography	40,565	0.0	5.7	82.2	12.1	0.0
Vacant Units by Geography	16,483	0.0	7.0	83.7	9.3	0.0
Businesses by Geography	22,179	0.0	4.7	81.9	13.4	0.0
Farms by Geography	1,874	0.0	2.3	81.2	16.5	0.0
Family Distribution by Income Level	76,704	20.5	17.8	20.9	40.8	0.0
Household Distribution by Income Level	117,542	24.0	16.0	18.2	41.8	0.0
Median Family Income Non-MSAs - OR		\$51,555	Median Housing Value			\$165,132
			Median Gross Rent			\$715
			Families Below Poverty Level			13.0%
<i>Source: 2015 ACS and 2019 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>						

Family incomes increased during the review period; see the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
OR NA Median Family Income (99999)				
2018 (\$54,700)	<\$27,350	\$27,350 to <\$43,760	\$43,760 to <\$65,640	≥\$65,640
2019 (\$57,500)	<\$28,750	\$28,750 to <\$46,000	\$46,000 to <\$69,000	≥\$69,000
2020 ((\$61,400)	<\$30,700	\$30,700 to <\$49,120	\$49,120 to <\$73,680	>\$73,680
<i>Source: 2015 ACS and 2019 D&B Data</i>				

Unemployment rates for the counties in the Oregon Non-MSA AA were higher than state and national averages in 2018 and 2019. While unemployment increased in all counties in 2020 due to the COVID-19 pandemic, individual county performance in comparison to state and national averages varied. See the following table.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Baker County	5.2	4.5	7.1
Coos County	5.2	4.8	8.6
Douglas County	5.2	4.8	7.7
Morrow County	4.2	4.0	5.2
Umatilla County	4.8	4.7	6.7
Union County	5.2	4.8	7.8
Oregon State	4.0	3.7	7.6
National Average	3.9	3.7	8.1

Source: Bureau of Labor Statistics

According to 2019 D&B data, healthcare services and retail trade represent the largest non-farm industries in the AA. Top employers in the area include: Wal-Mart Inc., Confederated Tribes of the Umatilla Indian Reservation, and Columbia River Processing.

Competition

According to the June 30, 2020 FDIC Deposit Market Share Data, 13 financial institutions operated 83 full-service branches within the bank’s Oregon Non-MSA AA. Of these institutions, BB ranked 2nd with a 19.1 percent deposit market share.

Community Contact

Examiners interviewed a community contact from an economic development organization that offers consulting services and resources and provides resources for start-ups to rural and lower-income clients in the AA. The contact stated that many clients lack funding, making small dollar flexible lending options to very small businesses a primary credit need in the AA.

Credit and Community Development Needs and Opportunities

Based on information obtained from the community contacts, bank management, and demographic and economic data, the provision of small dollar flexible lending to very small businesses and start-ups represent a primary CD credit need in the AA. Along with lending, education and assistance to these types of businesses is a primary CD need. Due to the rural nature of the area, community services represent a secondary CD need in the AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE OREGON NON-MSA

LENDING TEST

Lending Test performance in the Oregon Non-MSA AA is consistent with the Oregon rated area.

Lending Activity

Lending levels reflects good responsiveness to AA credit needs. Trends in the AA are consistent with those of the bank overall. According to 2018 Peer Mortgage Data, BB ranked 3rd out of 336 reporting lenders in the AA, with a market share of 5.3 percent. Per 2018 Peer Small Business Data, BB ranked 2nd of 69 reporting lenders in the AA, with a market share of 10.8 percent. Small

Farm Business Data for 2018 ranks BB 1st out of 19 reporting lenders in the AA, with a market share of 24.9 percent. As of 2019 aggregate data, BB ranked 4th of 345 home mortgage reporting lenders, 5th of 75 small business reporting lenders, and 1st out of 19 small farm lenders in the AA, giving the bank a market share of 4.8 percent, 9.2 percent, and 19.1 percent, respectively.

Home mortgage, small business, and small farm originations by number decreased in the AA from 2018 to 2019. Management noted attrition within the AA's lending team, particularly in the commercial and agricultural lending teams, and the subsequent loss of lending relationships, negatively impacted the bank's ability to source loans in the AA. Due to the rural nature of the AA, hiring and maintaining loan officers is more difficult than in other areas of the bank's footprint. As a result, lending by number across all categories fell while the institution worked to rebuild staff and relationships throughout the AA.

Geographic Distribution

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

The AA does not contain any low-income geographies; thus, conclusions are based on performance in moderate-income tracts. Overall, the bank's lending in these tracts was generally limited; however, only 4 of the 68 total CTs in the AA are designated as moderate-income, and both demographic and aggregate data indicate opportunity for lending across all product types in these geographies was low.

As discussed under Economic and Demographic Data, 5 of the 53 middle-income CTs were designated as distressed or underserved. The bank originated \$11.8 million home mortgage loans and \$7.1 million small business loans in these geographies over the review period.

Home Mortgage Loans

Lending in moderate-income tracts in 2018 is generally in line with aggregate performance and demographic data. Performance fell in 2019, and was slightly below indicators; the bank had difficulty sourcing loans in the AA over the review period due to losses in lending staff. Overall, home mortgage lending performance is adequate.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Oregon Non-MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2018	5.5	5.5	21	4.2	2,635	3.6
2019	5.5	5.4	13	2.9	1,465	2.0
Middle						
2018	81.4	81.4	405	81.2	60,207	83.0
2019	81.4	81.3	380	85.4	62,592	87.5
Upper						
2018	13.1	13.2	73	14.6	9,678	13.3
2019	13.1	13.3	52	11.7	7,478	10.5
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2018	100.0	100.0	499	100.0	72,520	100.0
2019	100.0	100.0	445	100.0	71,536	100.0
<i>Source: 2015 ACS; Bank Data, 2018, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

Small business lending in moderate-income geographies trailed aggregate in 2018 and further declined in 2019. Performance is attributed to several factors impacting the institution’s ability to lend, including changes to the bank’s staffing levels and a limited number of moderate-income CTs. BB’s performance improved in 2020, indicating efforts to reestablish the bank’s lending team were beginning to show success. Due to this and also PPP loan activity, BB’s production in the AA more than doubled. Overall, this performance is adequate.

Geographic Distribution of Small Business Loans						
Assessment Area: Oregon Non-MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2018	4.8	4.7	10	2.4	993	2.2
2019	4.7	4.2	7	1.8	547	1.3
2020	4.8	--	26	2.8	1,285	1.8
Middle						
2018	81.8	82.3	353	84.2	38,102	84.5
2019	81.9	82.1	338	84.9	36,203	83.8
2020	81.9	--	776	84.8	64,826	88.7
Upper						
2018	13.4	13.0	56	13.4	5,996	13.3
2019	13.4	13.7	53	13.3	6,477	15.0
2020	13.4	--	113	12.4	6,977	9.5
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	419	100.0	45,091	100.0
2019	100.0	100.0	398	100.0	43,227	100.0
2020	100.0	--	915	100.0	73,088	100.0
<i>Source: 2018, 2019 & 2020 D&B Data; Bank Data; 2018, 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Farm Loans

While BB did not originate any small farm loans in moderate-income tracts in 2019, opportunity for lending in these tracts was low; see the following table. Combined with the departure of the bank’s commercial and agricultural team in the AA, this lack of lending is not wholly unreasonable. Additionally, BB was able to originate three small farm loans in the moderate-income tracts in 2020, indicating the bank’s efforts to rebuild staff and banking relationships are beginning to show results. Considering these factors, overall performance is adequate.

Geographic Distribution of Small Farm Loans						
Assessment Area: Oregon Non-MSA						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2019	2.3	1.1	0	0.0	0	0.0
Middle						
2019	81.2	75.5	48	65.8	6,921	70.0
Upper						
2019	16.5	23.5	25	34.2	2,972	30.0
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	73	100.0	9,893	100.0
<i>Source: 2019 D&B Data; Bank Data; 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, excellent penetration among retail customers of different income levels and business customers of different size in the AA. This conclusion is supported by good home mortgage lending performance and excellent small business and small farm lending performance. See the following subsections.

Home Mortgage Loans

Lending to low-income borrowers was slightly below aggregate in 2018 and 2019; however, performance increased in 2020, to 4.6 percent. Home mortgage lending to moderate income borrowers was in line with aggregate in 2018 and increased to above aggregate in 2019. At 17.1 percent, 2020 lending was comparable to demographic data.

The institution’s positive trend in lending to LMI borrowers in the AA from 2018 to 2019 is particularly notable given the slight decline in peer lending trends over the same period, as the change indicated some shrinkage in opportunity for lending to these borrowers. Overall, this performance is good.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Oregon Non-MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	20.5	4.1	14	2.8	916	1.3
2019	20.5	4.0	14	3.1	1,090	1.5
Moderate						
2018	17.8	14.2	77	15.4	8,302	11.4
2019	17.8	13.9	85	19.1	10,543	14.7
Middle						
2018	20.9	23.6	98	19.6	11,972	16.5
2019	20.9	23.0	90	20.2	11,706	16.4
Upper						
2018	40.8	43.5	294	58.9	48,157	66.4
2019	40.8	41.1	236	53.0	44,634	62.4
Not Available						
2018	0.0	14.5	16	3.2	3,173	4.4
2019	0.0	18.0	20	4.5	3,563	5.0
Totals						
2018	100.0	100.0	499	100.0	72,520	100.0
2019	100.0	100.0	445	100.0	71,536	100.0
<i>Source: 2015 ACS; Bank Data, 2018, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

BB’s penetration of lending to small businesses in the AA is excellent. Bank lending to businesses with GARs of \$1 million or less was above aggregate in both 2018 and 2019. As in other AAs, 2020 lending percentages were significantly impacted by the influx of loans reported without GARs; however, of the loans made only to businesses with reported revenues, 68.4 percent were made to businesses with GARs of \$1 million or less, which is consistent with prior year ratios. Additionally, a significant majority of the loans reported without revenues are PPP loans, which were particularly impactful to many small businesses throughout the AA. See the following table.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Oregon Non-MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	83.8	52.8	289	69.0	18,337	40.7
2019	85.5	53.0	266	66.8	15,899	36.8
2020	86.1	--	208	22.7	13,915	19.0
>1,000,000						
2018	4.4	--	124	29.6	26,175	58.0
2019	4.0	--	130	32.7	27,308	63.2
2020	3.7	--	96	10.5	16,423	22.5
Revenue Not Available						
2018	11.7	--	6	1.4	579	1.3
2019	10.5	--	2	0.5	20	0.0
2020	10.2	--	611	66.8	42,750	58.5
Totals						
2018	100.0	100.0	419	100.0	45,091	100.0
2019	100.0	100.0	398	100.0	43,227	100.0
2020	100.0	--	915	100.0	73,088	100.0
<i>Source: 2018, 2019 & 2020 D&B Data; Bank Data; 2018, 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Farm Loans

BB's percentage of lending to farms with GARs of \$1 million or less far exceeds that of peer lenders and is even in line with demographic data for the AA; this performance is excellent. See the following table.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Assessment Area: Oregon Non-MSA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	95.1	64.2	70	95.9	9,168	92.7
>1,000,000						
2019	3.4	--	3	4.1	725	7.3
Revenue Not Available						
2019	1.5	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	73	100.0	9,893	100.0

Source: 2019 D&B Data; Bank Data; 2019 CRA Aggregate Data; "--" data not available. .Due to rounding, totals may not equal 100.0%

Community Development Loans

BB is a leader in making CD loans in the Oregon Non-MSA AA; see the following table. CD lending in the AA increased significantly from the prior evaluation, where BB originated 3 loans totaling \$3.0 million. Four CD loans, totaling \$9.1 million, were originated through the PPP. These loans, as well as the remaining loans with a purpose of economic development, demonstrate BB’s responsiveness to the identified CD credit needs of the AA.

Community Development Lending by Year and Purpose										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017	-	-	-	-	-	-	-	-	-	-
2018	2	856	-	-	-	-	3	8,263	5	9,119
2019	2	9,686	2	24,835	-	-	1	3,300	5	37,821
2020	2	9,700	1	25	2	12,368	2	2,753	7	24,846
2021 YTD	-	-	-	-	1	1,048	-	-	1	1,048
Total	6	20,242	3	24,860	3	13,416	6	14,316	18	72,834

Source: Bank Data

The following are examples of the institution’s CD loans in the AA.

- In 2020, the bank originated a \$6.8 million loan to fund the construction of an apartment complex containing 40 designated units for low-income renters.
- In 2019, the bank originated a \$3.3 million loan to an organization with a primary purpose of revitalizing a distressed or underserved middle-income area of the AA.
- In 2019, the bank supported affordable housing in the AA by originating a \$7.3 million loan to fund the construction of a 49-unit housing complex where the majority of units are reserved for LMI individuals and families.

INVESTMENT TEST

Investment Test performance in the Oregon Non-MSA AA is consistent with Oregon conclusions.

Investment and Grant Activity

BB has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The substantial majority--\$13.5 million—of investment dollars were new monies invested in the AA. CD investment volume increased from the prior evaluation, where investments and grants totaled \$7.8 million. Additionally, BB outperformed peer institutions in the investment of finds and provision of grants to the AA.

Qualified Investments - Oregon Non-MSA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	3	2,144	-	-	-	-	3	2,144
2017	-	-	1	512	-	-	-	-	1	512
2018	-	-	3	2,725	-	-	-	-	3	2,725
2019	-	-	1	2,445	-	-	-	-	1	2,445
2020	-	-	2	7,795	-	-	-	-	2	7,795
2021 YTD	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	10	15,621	-	-	-	-	10	15,621
Qualified Grants & Donations	8	28	47	153	-	-	1	5	56	186
Total	8	28	57	15,774	-	-	1	5	66	15,807

Source: Bank Data

The following are examples of the institution's CD investments and donations in the AA.

- In 2020, the bank purchased a bond for \$7.2 million to help fund the rehabilitation of a school in the AA at which the majority of students qualify for free or reduced-lunch.
- In 2019, the bank invested \$1.2 million in a bond to finance the construction of an elementary and middle school in a school district that primarily serves students from LMI families.
- In 2018, the bank supported the revitalization and stabilization of a distressed middle-income area of the AA through a \$5,000 donation to an association that works to ensure local residents have access to clean water.

Responsiveness to Credit and Community Development Needs

BB exhibits good responsiveness to credit and CD needs in the AA. Refer to the Oregon rated area for detail.

Community Development Initiatives

The bank did not use innovative and/or complex investments to support CD initiatives in the AA; refer to overall conclusions for detail.

SERVICE TEST

Service Test performance in the Oregon Non-MSA AA is consistent with Oregon conclusions.

Accessibility of Delivery Systems

Service delivery systems are accessible to essentially all portions of the AA. BB operates 16 full-service branches, 17 ATMS, and a single LPO in the AA. The AA does not include any low-income CTs. One, or 6.3 percent, of the bank's branches, are located in moderate-income tracts, which is above the 4.6 percent of branches operated in these geographies by other institutions and slightly above the percentages of households, families, and business in the AA. Mapping of branch locations did not indicate any arbitrary exclusion of LMI areas in the AA. Refer to bankwide section for discussion of alternative delivery systems.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or LMI individuals. BB did not open any branches during the review period, but closed three branches, all in middle-income tracts. Mapping of branch closures demonstrates that the proximity of other BB locations indicates impact to LMI geographies and individuals as a result of these closures was negligible.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences portions of the AA, particularly LMI geographies and/or individuals. Refer to bankwide discussion for detail.

Community Development Services

BB provides a relatively high level of CD services to the Oregon Non-MSA AA; see the following table. Total hours consisted of 519 instances of service to 40 different CD organizations in the AA. Performance increased from the prior evaluation, where bank employees provided 49 instances of service totaling 426 hours. While growth is partially attributable to a longer review period, service hours more than doubled. Additionally, BB's level of service hours provided in the AA compares favorably to peer institutions.

Community Development Services by Year and Purpose					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	# Hours	# Hours	# Hours	# Hours	# Hours
2017	1	2	2	2	7
2018	80	248	51	20	399
2019	45	280	41	39	405
2020	46	128	24	24	222
2021 YTD	4	18	-	2	24
Total	176	676	118	87	1,057
<i>Source: Bank Data</i>					

The following are CD services provided by bank employees during the review period.

- From 2018 to 2020, eight bank employees promoted community service by contributing a combined 26 hours teaching financial education at schools located in distressed or underserved middle-income areas of the AA.
- From 2017 to 2021, an employee promoted economic development by serving 79 hours on the Board of a nonprofit association with a primary purpose of developing and assisting small businesses in the area.
- From 2017 to 2021, eight bank employees promoted affordable housing by contributing a combined 152 hours of service to an organization that implements housing assistance programs for LMI families in the AA. Employees served as Board members and financial expertise consultants.

OTHER ASSESSMENT AREAS – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE ASSESSMENT AREAS

Conclusions for the two Oregon AAs reviewed using limited-scope examination procedures are summarized below. Examiners drew conclusions regarding the institution’s CRA performance from reviewing available facts and data, including performance figures, aggregate lending data comparisons, and demographic information. Conclusions inconsistent with the Oregon rated area did not alter the bank’s overall performance rating.

Assessment Area	Lending Test	Investment Test	Service Test
Eugene-Springfield MSA	Consistent	Consistent	Below
Medford-Grants Pass CSA	Below	Below	Consistent

Facts and data supporting conclusions for each limited-scope AA follow, beginning with a summary of the institution’s operations and activities, followed by geographic distribution and borrower profile tables by loan type. Description of the limited scope AAs, including changes to individual AAs, demographic data, and market share information are included in an appendix.

Eugene- Springfield MSA

The AA consists of Lane County, which comprises the Eugene-Springfield MSA. Branch distribution is below performance of the bank overall.

Activity	#	\$(000's)
Small Business Loans	746	91,146
Home Mortgage Loans	344	64,659
CD Loans	17	20,718
CD Investments (New)	3	7,335
CD Investments (Prior Period)	2	1,237
CD Donations	35	108
CD Services	248	548 hours
<i>Source: Bank Data</i>		

Medford-Grants Pass CSA

The AA consists of Jackson and Josephine counties, which together comprise the Medford-Grants Pass CSA. Branch distribution is consistent with bank performance.

Activity	#	\$(000's)
Small Business Loans	806	106,321
Home Mortgage Loans	368	106,060
CD Loans	19	29,932
CD Investments (New)	1	1,000
CD Investments (Prior Period)	-	-
CD Donations	48	118
CD Services	390	988 hours
<i>Source: Bank Data</i>		

Geographic Distribution and Borrower Profile

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2018
Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Eugene-Springfield MSA	161	33686	12,553	0.9	1.9	1.1	16.9	24.8	18.0	57.2	59.6	57.9	25.0	13.7	23.0	0.0	0.0	0.0	
Medford-Grants Pass CSA	168	66084	10,317	0.1	0.0	0.4	10.6	16.1	11.8	61.2	51.8	58.6	28.1	32.1	29.3	0.0	0.0	0.0	
<i>Source: 2015 ACS Census; 01/01/2018 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>																			

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2019
Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Eugene-Springfield MSA	183	30,973	14,948	0.9	1.1	1.1	16.9	25.7	17.6	57.2	58.5	57.3	25.0	14.8	24.0	0.0	0.0	0.0	
Medford-Grants Pass CSA	200	39,976	12,270	0.1	0.0	0.1	10.6	16.0	12.2	61.2	57.0	58.1	28.1	27.0	29.6	0.0	0.0	0.0	
<i>Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0</i>																			

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																		2018
Assessment Area:	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Eugene-Springfield MSA	161	33,686	12,553	21.4	6.8	4.4	17.8	18.6	15.2	20.5	18.6	23.5	40.3	46.0	45.4	0.0	9.9	11.5
Medford-Grants Pass CSA	168	66,084	10,317	20.6	3.6	3.2	18.5	9.5	12.8	19.6	20.8	22.9	41.2	56.0	48.9	0.0	10.1	12.2

Source: 2015 ACS Census; 01/01/2018 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																		2019
Assessment Area:	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Eugene-Springfield MSA	183	30,973	14,948	21.4	11.5	3.4	17.8	22.4	12.9	20.5	19.7	23.3	40.3	40.4	45.8	0.0	6.0	14.0
Medford-Grants Pass CSA	200	39,976	12,270	20.6	3.5	3.4	18.5	11.0	13.7	19.6	22.0	21.7	41.2	59.5	46.0	0.0	4.0	15.3

Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																		2018
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Eugene-Springfield MSA	152	23,161	6,623	5.7	2.0	5.7	24.1	28.9	24.9	47.6	60.5	46.7	22.6	8.6	22.8	0.0	0.0	0.0
Medford-Grants Pass CSA	155	27,836	5,810	4.3	4.5	4.0	16.6	25.8	14.4	56.0	57.4	56.3	23.1	12.3	25.3	0.0	0.0	0.0

*Source: 2018 D&B Data; 01/01/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																		2019
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Eugene-Springfield MSA	166	26,581	66,442	5.4	1.2	6.0	23.7	34.9	25.6	48.4	47.6	45.5	22.5	16.3	22.9	0.0	0.0	0.0
Medford-Grants Pass CSA	181	29,416	6,181	4.1	8.3	3.7	16.6	19.3	13.9	56.0	53.6	56.9	23.3	18.8	25.5	0.0	0.0	0.0

*Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography												2020
Assessment Area:	Total Loans to Small Businesses		Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Eugene-Springfield MSA	428	41,404	5.3	2.1	23.6	24.8	48.1	56.8	23.0	16.4	0.0	0.0
Medford-Grants Pass CSA	470	49,069	4.2	6.2	16.4	19.8	55.9	54.3	23.5	19.8	0.0	0.0

Source: 2020 D&B Data; 01/01/2020 - 12/31/2020 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2018
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Eugene-Springfield MSA	152	23,161	6,623	85.7	69.1	49.6	5.1	30.9	9.2	0.0	
Medford-Grants Pass CSA	155	27,836	5,810	87.8	43.2	48.1	4.0	56.1	8.3	0.6	

Source: 2018 D&B Data; 01/01/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2019
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Eugene-Springfield MSA	166	26,581	6,442	87.6	60.8	50.1	4.3	39.2	8.1	0.0	
Medford-Grants Pass CSA	181	29,416	6,181	89.4	52.5	50.7	3.4	45.9	7.2	1.7	

Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues								2020
Assessment Area:	Total Loans to Small Businesses		Businesses with Revenues <= 1MM		Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Eugene-Springfield MSA	428	41,404	88.1	13.6	4.0	10.5	7.9	75.9
Medford-Grants Pass CSA	470	49,069	89.8	12.8	3.3	13.6	6.9	73.6

*Source: 2020 D&B Data; 01/01/2020- 12/31/2020 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

CALIFORNIA

CRA RATING FOR CALIFORNIA: OUTSTANDING

The Lending Test is rated: Outstanding

The Investment Test is rated: Outstanding

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION’S OPERATIONS IN CALIFORNIA

The rated area consists of seven AAs throughout central and southern California. Refer to individual AAs for detail on relevant demographic and economic information.

The Santa Rosa- Petaluma MSA AA was added to the rated area during the review period as a result of the Alta Pacific Bank acquisition in November 2019; thus, performance in the AA was analyzed starting in 2020. No other changes occurred to or within the California AAs.

SCOPE OF EVALUATION – CALIFORNIA

Based on lending activity, deposit volume, and branch distribution, the Los-Angeles-Long Beach CSA AA was reviewed using full-scope procedures and contributes the greatest weight to overall conclusions. The remaining AAs in California were reviewed using limited-scope procedures; of those, the California Non-MSA, Chico MSA, Redding-Red Bluff CSA, and Santa Rosa-Petaluma MSA AAs contribute minimal weight to conclusions. See the following table.

Assessment Area Breakdown of Loans, Deposits, and Branches - California Rated						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	% Bank Total	\$(000s)	% Bank Total	#	% Bank Total
Los Angeles-Long Beach CSA	786,471	8.2	708,386	6.0	8	5.2
California Non-MSA	26,975	0.3	113,880	1.0	3	1.9
Chico MSA	28,018	0.3	20,153	0.2	1	0.6
Redding-Red Bluff CSA	79,344	0.8	169,908	1.4	3	1.9
Sacramento-Roseville CSA	433,062	4.5	589,564	5.0	7	4.5
San-Diego-Chula Vista-Carlsbad MSA	512,883	5.4	644,387	5.4	8	5.2
Santa Rosa-Petaluma MSA	3,990	0.0	70,683	0.6	1	0.6
California State Total	1,870,743	19.5	2,316,961	19.6	31	19.9

Source: Reported loans 2017, 2018, 2019, and 2020; bank records; FDIC Summary of Deposits (06/30/2020)

Product weighting and rational in the California AAs is consistent with the overall Scope of Evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA IN CALIFORNIA

LENDING TEST

Lending Test performance in California is rated “Outstanding.” Performance in the Los Angeles-Long Beach CSA, Sacramento-Roseville CSA, and San Diego-Chula Vista-Carlsbad MSA AAs is consistent with this conclusion. Performance in the remaining California AAs is lower, though still satisfactory.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs. Product trends in California are consistent with overall bank performance; see bankwide section for discussion. Market share and relative market rank for reviewed products varied by AA; refer to AA analyses for detail.

Geographic Distribution

BB’s geographic distribution of loans reflects excellent penetration throughout its AAs. Performance is consistent with this conclusion in all AAs except in the Los Angeles-Long Beach CSA and Chico MSA AAs, where performance was below California overall, but still satisfactory.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different size. Performance in the Los Angeles-Long Beach CSA and San Diego-Chula Vista-Carlsbad MSA AAs was consistent with this conclusion. Performance in the Chico MSA AA was above that of California overall, while performance in the remaining AAs was below, but still satisfactory.

Community Development Loans

BB is a leader in making CD loans in California; see the following table. Performance in the Los Angeles-Long Beach CSA, Sacramento-Roseville CSA, and San Diego-Chula Vista-Carlsbad MSA AAs is consistent with this conclusion, while performance in the remaining AAs was lower, though still satisfactory.

CD lending in California increased exponentially from the previous evaluation, where BB originated 8 CD loans totaling \$17.0 million. Though BB did not originate any CD loans in the California Non-MSA, Chico MSA, and Santa Rosa-Petaluma MSA AAs, the bank’s presence in these AAs is very limited and the lack of activity is not unreasonable. Instead, the institution focused CD activity in the Los-Angeles-Long Beach CSA and Sacramento-Roseville CSA AAs, which contribute greater weight to rated area conclusions; see the Scope of Evaluation section of this rated area for detail.

Of the total, 27 loans, totaling \$42.0 million, were made through the PPP—a critical CD credit need throughout California during 2020 due to the coronavirus pandemic. Additionally, the majority of CD dollars supported affordable housing initiatives, which was also an identified CD credit need throughout the California AAs. These factors demonstrate BB’s responsiveness.

Community Development Loans by Assessment Area and Purpose										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Los Angeles-Long Beach CSA	18	130,092	-	-	5	6,737	7	14,979	30	151,808
California Non-MSA	-	-	-	-	-	-	-	-	-	-
Chico MSA	-	-	-	-	-	-	-	-	-	-
Redding-Red Bluff CSA	1	5,645	-	-	-	-	3	8,719	4	14,364
Sacramento-Roseville CSA	9	86,445	3	8,000	1	1,475	4	7,066	17	102,986
San Diego-Chula Vista-Carlsbad MSA	9	48,637	-	-	2	4,014	6	7,851	17	60,502
Santa Rosa-Petaluma MSA	-	-	-	-	-	-	-	-	-	-
<i>Statewide Activities</i>	<i>15</i>	<i>87,957</i>	-	-	-	-	<i>6</i>	<i>27,798</i>	<i>21</i>	<i>115,755</i>
Total	52	358,776	3	8,000	8	12,226	26	66,413	89	445,415

Source: Bank Data

Examples of statewide activities, as totaled in the above table, include the following.

- In 2020, the bank originated a \$24.3 million loan to an affordable housing organization for the construction of 68 affordable single-family townhomes.
- In 2019, the bank originated a \$13.2 million loan for the construction of a 60-unit affordable housing apartment complex targeted entirely to LMI individuals and families.
- In 2018, the bank originated a \$3.4 million affordable housing loan to purchase a 50-unit apartment complex for low-income seniors.

INVESTMENT TEST

Investment Test performance in California is rated “Outstanding.” Performance in the Los Angeles-Long Beach CSA, Redding-Red Bluff CSA, and San Diego-Chula Vista-Carlsbad MSA AAs was consistent with this conclusion. Performance in the remaining California AAs was lower, but still satisfactory.

Investment and Grant Activity

BB has an excellent of qualified CD investments and grants, often in a leadership position, particularly those not routinely provided by private investors. CD investment in California increased from the prior evaluation, where 99 investments or grants totaled \$17.1 million. Notably, all investment activity was new monies; the bank did not maintain any prior period investments in California as of the review date. BB’s level of investments and grants in California compares favorably to peer institutions, particularly in the Los Angeles-Long Beach CSA and San Diego-Chula Vista-Carlsbad MSA AAs, both of which contributed greater weight to overall California conclusions.

Qualified Investments by Assessment Area and Purpose										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Los Angeles-Long Beach CSA	3	8,818	-	-	1	1,000	-	-	4	9,818
California Non-MSA	-	-	1	710	-	-	-	-	1	710
Chico MSA	-	-	-	-	-	-	-	-	-	-
Redding-Red Bluff CSA	1	1,760	1	1,140	-	-	-	-	2	2,900
Sacramento-Roseville CSA	-	-	-	-	-	-	-	-	-	-
San Diego-Chula Vista-Carlsbad MSA	1	3,800	2	17,640	-	-	-	-	3	21,440
Santa Rosa-Petaluma MSA	-	-	-	-	-	-	-	-	-	-
<i>Statewide</i>	6	19,950			1	1,000			7	20,950
Subtotal	1	34,328	4	19,490	2	2,000	-	-	17	55,818
Grants/Donations	48	171	106	337	30	101	-	-	184	609
Total	59	34,499	110	19,827	32	2,101	-	-	201	56,427

Source: Bank Data

While no CD investments dollars were specifically allocated to the Sacramento-Roseville CSA, Chico MSA, and Santa Rosa-Petaluma MSA AAs during the review period, the bank invested over \$28.0 million in areas benefitting multiple California AAs, including these AAs, which assisted Banner in meeting the overall investment needs of California. Examples of these statewide investments included the following.

- In 2020, the bank supported economic development by investing \$1.0 million in a California CDFI.
- In 2019, BB supported affordable housing initiatives in multiple California AAs by investing \$5 million in a \$91.6 million total LIHTC fund with a purpose to construct or rehabilitate hundreds of income-restricted units across seven multifamily properties in the Los Angeles-Long Beach CSA, Sacramento-Roseville CSA, and San Diego-Chula Vista-Carlsbad MSA AAs.
- In 2018, the bank supported affordable housing in the California regional area via a \$2.2 million LIHTC investment with a purpose to construct a 48-unit multifamily complex at which 36 units are reserved for LMI households.

Responsiveness to Credit and Community Development Needs

BB exhibits good responsiveness to credit and CD needs. The majority of investments made during the review period targeted affordable housing initiatives—a CD need identified in most of the California AAs. Performance is generally consistent across the AAs.

Community Development Initiatives

The bank makes significant use of innovative and/or complex investments to support CD initiatives; refer to bankwide conclusions for detail.

SERVICE TEST

BB’s Service Test performance in California is rated “High Satisfactory.” Performance in the Los Angeles-Long Beach CSA, Sacramento-Roseville CSA, and San Diego-Chula Vista-Carlsbad MSA AAs is consistent with this conclusion, while performance in the remaining California AAs was lower, but still satisfactory.

Accessibility of Delivery Systems

The bank’s delivery systems are reasonably accessible to essentially all portions of the institution’s AA. Alternative delivery systems available in California are consistent with the bank overall; refer to bankwide section for detail. Branch distribution varies by AA; refer to individual analyses for detail.

Changes in Branch Locations

To the extent changes have been made, the institution’s opening and closing of branches generally has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. Refer to AAs for detail on the impact of branch changes on LMI geographies and to LMI individuals.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences certain portions of the bank’s California AAs, particularly LMI geographies and/or individuals. Refer to bankwide discussion for detail.

Community Development Services

BB provided a relatively high level of CD services in California. Total service hours consisted of 681 instances of service provided to 64 different CD organizations throughout the AAs. CD service levels doubled from the prior evaluation, where employees provided 203 instances totaling 828 hours of service. The majority of service hours related to the provision of community services, an identified CD need in most of the California AAs. Service hours were provided in all AAs, with the exception of the Santa Rosa-Petaluma MSA AA, which was added as an AA partway through the review period and where the bank’s physical presence consists of a single branch location; therefore, the lack of service hours in the AA is not unreasonable.

Community Development Services by Assessment Area and Purpose					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	# Hours	# Hours	# Hours	# Hours	# Hours
Los Angeles-Long Beach CSA	10	681	56	-	747
California Non-MSA	4	102	-	-	106
Chico MSA	137	5	43	19	204
Redding-Red Bluff CSA	-	74	-	-	74
Sacramento-Roseville CSA	-	278	12	-	290
San Diego-Chula Vista-Carlsbad MSA	84	267	185	-	536
Santa Rosa-Petaluma MSA	-	-	-	-	-
<i>Statewide Activities</i>	-	5	-	-	5
Total	235	1,412	296	19	1,962

Source: Bank Data

As shown in the above table, a small number of service hours were provided to the statewide area. The bank employee promoted economic development by contributing five hours as an instructor for workshops to aid small businesses in understanding how to qualify for and obtain credit through flexible lending programs, such as those provided through the SBA.

LOS-ANGELES-LONG BEACH CSA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN LOS ANGELES-LONG BEACH CSA ASSESSMENT AREA

The Los Angeles-Long Beach CSA AA is located in southwestern California and consists of:

- All 2,346 CTs that make up Los Angeles County, which forms the Los-Angeles-Long Beach-Glendale MSA; and
- All 453 CTs that make up Riverside County and all 369 CTs that make up San Bernardino County, which together form the Riverside-San Bernardino-Ontario MSA.

BB did not make any changes to the AA during the review period.

Economic and Demographic Data

According to the 2015 ACS data, the Los Angeles-Long Beach CSA AA consists of 264 low-, 920 moderate-, 884 middle-, and 1,043 upper-income CTs as well as 57 tracts with no income designation. Select demographic data is shown in the following table.

Demographic Information of the Assessment Area						
Los Angeles-Long Beach CSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3,168	8.3	29.0	27.9	32.9	1.8
Population by Geography	14,431,189	7.6	28.8	29.1	33.9	0.6
Housing Units by Geography	4,998,002	6.9	26.6	28.4	37.7	0.4
Owner-Occupied Units by Geography	2,319,532	2.5	18.5	30.3	48.6	0.1
Occupied Rental Units by Geography	2,257,094	11.5	35.0	25.8	27.0	0.7
Vacant Units by Geography	421,376	6.6	26.4	31.3	35.0	0.7
Businesses by Geography	1,155,510	4.5	20.1	24.3	49.3	1.8
Farms by Geography	14,138	3.2	20.0	30.0	46.2	0.8
Family Distribution by Income Level	3,165,674	24.1	16.5	17.4	42.1	0.0
Household Distribution by Income Level	4,576,626	25.5	15.5	16.2	42.8	0.0
Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA		\$62,703	Median Housing Value			\$419,874
Median Family Income MSA - 40140 Riverside-San Bernardino-Ontario, CA MSA		\$61,507	Median Gross Rent			\$1,270
			Families Below Poverty Level			14.3%

Source: 2015 ACS and 2019 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.

Moody’s Analytics reports indicate recovery from the pandemic in the AA is slowed by high living and business costs and low housing affordability. However, family incomes increased during the evaluation period; see the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Los Angeles-Long Beach-Glendale, CA Median Family Income (31084)				
2018 (\$69,300)	<\$34,650	\$34,650 to <\$55,440	\$55,440 to <\$83,160	≥\$83,160
2019 (\$73,100)	<\$36,550	\$36,550 to <\$58,480	\$58,480 to <\$87,720	≥\$87,720
2020 (\$77,300)	<\$38,650	\$38,650 to <\$61,840	\$61,840 to <\$92,760	≥\$92,760
Riverside-San Bernardino-Ontario, CA MSA Median Family Income (40140)				
2018 (\$65,800)	<\$32,900	\$32,900 to <\$52,640	\$52,640 to <\$78,960	≥\$78,960
2019 (\$69,700)	<\$34,850	\$34,850 to <\$55,760	\$55,760 to <\$83,640	≥\$83,640
2020 (\$75,300)	<\$37,650	\$37,650 to <\$60,240	\$60,240 to <\$90,360	≥\$90,360

Source: FFIEC

Unemployment in the AA was above national averages during the review period. While Riverside and San Bernardino county unemployment rates were generally in line with state averages, unemployment in Los Angeles County was less favorable; see the following table.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Los Angeles County	4.7	4.6	12.9
Riverside County	4.5	4.2	10.0
San Bernardino County	4.1	3.9	9.5
California State	4.3	4.2	10.2
National Average	3.9	3.7	8.1

Source: Bureau of Labor Statistics

Unemployment more than doubled in Los Angeles and Riverside counties and increased significantly in San Bernardino County in 2020. This increase is understandable given the industry mix of the AA; according to 2019 D&B data, service industries make up 40.6 percent and retail trade makes up 12.2 percent of the total non-farm businesses in the AA. These industries were among those most impacted by COVID-related stay-at-home orders.

The majority of businesses by number in the AA are very small—64.1 percent of businesses employ four or fewer employees and 92.6 percent operate from a single location. However, the majority of the population is employed by very large corporations. Top employers in the area include Cedars Sinai Medical Center, the Los Angeles International Airport, and the Walt Disney Company.

Competition

According to the June 30, 2020, FDIC Deposit Market Share Data, 123 financial institutions operated 2,847 full-service branches within the AA. Of these, BB ranked 54th, with a deposit market share of 0.1 percent.

Community Contact

Examiners reviewed a recent community contact of an organization in the AA with a purpose of building, providing, and preserving affordable rental options to LMI individuals in conjunction with financial education. The contact stated that housing and rental prices in the AA have increased faster than inflation, and faster than the organization can help. The contact also stated the additional community services for LMI individuals are needed.

Credit and Community Development Needs and Opportunities

Considering information from bank management, the community contact, and demographic data, affordable housing is a primary CD credit need in the AA. High cost of living and low affordability support this conclusion. Additionally, economic and demographic data indicate the AA is also in need for bridge loans and other support for the large number of very small businesses operating in the AA, making economic development and stabilization CD loans a secondary need. Due to the high population of LMI individuals and families and information from community contacts and bank management, community services represent a primary CD need in the AA.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LOS ANGELES-LONG BEACH CSA ASSESSMENT AREA

LENDING TEST

Lending Test performance in the AA is consistent with conclusions for the California rated area.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs. Home mortgage and small business lending trends are consistent with overall bank trends; see bankwide section for detail. According to 2018 Peer Mortgage Data, BB ranked 191st of 1,021 reporting institutions in the AA, giving the bank a market share of 0.1 percent by number. Per 2018 Peer Small Business Data, BB ranked 48th out of 250 reporting institutions in the AA, with a market share of 0.1 percent by number. As of 2019 aggregate data, BB ranked 190th of 1,021 home mortgage reporting lenders and 60th of 247 small business reporting lenders in the AA, resulting again in a market share of 0.1 percent by number for both lending categories.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the AA. This conclusion is supported by good home mortgage and small business lending; see the following subsections.

Home Mortgage Loans

Lending in low-income tracts was slightly above both aggregate and demographic data during the review period. Notably, BB was able to maintain lending levels in these tracts from 2018 to 2019 despite slight shrinkage in opportunity, as indicated by aggregate trends, over the same period. Performance in moderate-income tracts was in line with demographic and aggregate indicators for 2018. While performance trended downward 2019, aggregate data also decreased over the same period. Additionally, 2020 lending in low-income tracts, at 3.9 percent, was in line with previous years and slightly above demographics and lending in moderate-income tracts, at 25.0 percent, reflects a significant increase over prior year performance and was above demographics. Overall, this performance is good; see the following table.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Los Angeles-Long Beach CSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	2.5	3.0	9	3.7	6,166	4.0
2019	2.5	2.5	10	3.9	44,746	20.1
Moderate						
2018	18.5	19.3	48	19.5	38,494	25.0
2019	18.5	17.6	42	16.4	35,854	16.1
Middle						
2018	30.3	31.0	63	25.6	41,749	27.2
2019	30.3	30.4	83	32.4	78,404	35.2
Upper						
2018	48.6	46.7	126	51.2	67,300	43.8
2019	48.6	49.4	121	47.3	63,504	28.5
Not Available						
2018	0.1	0.1	0	0.0	0	0.0
2019	0.1	0.1	0	0.0	0	0.0
Totals						
2018	100.0	100.0	246	100.0	153,710	100.0
2019	100.0	100.0	256	100.0	222,508	100.0

*Source: 2015 ACS; Bank Data, 2018, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The geographic distribution of small business loans in the AA is excellent. In 2018 and 2019, lending to low-income tracts was almost double that achieved by peer and above demographic data. While lending by percentage in low-income tracts decreased slightly in 2020, lending by number more than doubled and bank performance remained above demographic indicators.

Lending in moderate income tracts was above both demographic and aggregate data in 2018. Despite a slight decline from the prior year, performance in 2019 remained in line with demographic and aggregate data and was stable into 2020, where performance was again in line with demographics. See the following table.

Geographic Distribution of Small Business Loans						
Assessment Area: Los Angeles-Long Beach CSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	4.6	3.9	27	7.0	3,044	7.4
2019	4.5	4.2	19	8.1	2,302	5.9
2020	4.6	--	50	6.5	6,558	6.1
Moderate						
2018	20.6	20.0	101	26.2	11,023	26.8
2019	20.1	20.3	50	21.2	9,244	23.8
2020	20.3	--	165	21.6	26,281	24.6
Middle						
2018	24.7	24.8	160	41.5	16,045	39.0
2019	24.3	24.8	108	45.8	17,967	46.2
2020	24.2	--	259	33.9	44,250	41.4
Upper						
2018	48.1	49.9	95	24.6	10,897	26.5
2019	49.3	49.3	57	24.2	9,392	24.1
2020	49.1	--	287	37.6	29,451	27.6
Not Available						
2018	1.9	1.4	3	0.8	160	0.4
2019	1.8	1.5	2	0.8	10	0.0
2020	1.9	--	3	0.4	247	0.2
Totals						
2018	100.0	100.0	386	100.0	41,169	100.0
2019	100.0	100.0	236	100.0	38,915	100.0
2020	100.0	--	764	100.0	106,787	100.0
<i>Source: 2018, 2019 & 2020 D&B Data; Bank Data; 2018, 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of

different size in the AA. This conclusion is supported by adequate home mortgage and excellent small business lending performance; see the following subsections.

Home Mortgage Loans

The bank's lending to low-income borrowers was in line with aggregate data in both 2018 and 2019. Lending to moderate-income borrowers was comparable to peer in 2018, but fell significantly in 2019, to less than half of aggregate. However, lending in 2020 improved exponentially by both number and percentage: 47 loans, or 13.2 percent, of home mortgages were originated to low-income borrowers and 38 loans, or 10.7 percent, of home mortgages were originated to moderate-income borrowers. Overall, this performance is adequate.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Los Angeles-Long Beach CSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	24.1	3.1	6	2.4	687	0.4
2019	24.1	2.2	5	2.0	347	0.2
Moderate						
2018	16.5	7.3	17	6.9	3,027	2.0
2019	16.5	6.5	7	2.7	944	0.4
Middle						
2018	17.4	15.7	31	12.6	4,408	2.9
2019	17.4	15.7	34	13.3	5,255	2.4
Upper						
2018	42.1	55.0	172	69.9	35,332	23.0
2019	42.1	55.1	172	67.2	39,295	17.7
Not Available						
2018	0.0	19.0	20	8.1	110,256	71.7
2019	0.0	20.5	38	14.8	176,667	79.4
Totals						
2018	100.0	100.0	246	100.0	153,710	100.0
2019	100.0	100.0	256	100.0	222,508	100.0

*Source: 2015 ACS; Bank Data, 2018, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

The bank's performance of lending to small businesses exceeded aggregate by a wide margin in both 2018 and 2019; see the following table. As in other AAs, 2020 lending percentages were significantly impacted by the influx of loans reported without revenues. At 41.4 percent, the ratio of loans originated to businesses with GARs of \$1 million or less to businesses with GARs

of greater than \$1 million is below that of prior years; however, a significant majority of the loans reported as revenue not available were PPP loans, which were identified as a CD credit need in the AA. Overall, this performance is excellent.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Los Angeles-Long Beach CSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	86.8	47.2	299	77.5	17,395	42.3
2019	88.8	50.9	144	61.0	14,653	37.7
2020	89.3	--	75	9.8	10,125	9.5
>1,000,000						
2018	5.6	--	87	22.5	23,774	57.7
2019	4.6	--	92	39.0	24,262	62.3
2020	4.3	--	106	13.9	27,349	25.6
Revenue Not Available						
2018	7.6	--	0	0.0	0	0.0
2019	6.6	--	0	0.0	0	0.0
2020	6.4	--	583	76.3	69,313	64.9
Totals						
2018	100.0	100.0	386	100.0	41,169	100.0
2019	100.0	100.0	236	100.0	38,915	100.0
2020	100.0	--	764	100.0	106,787	100.0
<i>Source: 2018, 2019 & 2020 D&B Data; Bank Data; 2018, 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Community Development Loans

BB is a leader in making CD loans in the Los Angeles-Long Beach CSA AA; see the following table. CD lending in the AA increased significantly from the prior evaluation, where BB originated 4 loans totaling \$5.4 million. Of the total, 11 loans totaling \$18.2 million were originated through the PPP. As discussed, PPP loans were considered a critical CD need in the AA during the pandemic. Additionally, most CD lending dollars went towards affordable housing initiatives, a CD need for the AA identified by community contact information and demographic and economic data. These factors demonstrate BB's responsiveness.

Community Development Lending by Year and Purpose										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017	3	8,622	-	-	-	-	-	-	3	8,622
2018	4	26,417	-	-	-	-	1	3,557	5	29,974
2019	6	32,037	-	-	-	-	-	-	6	32,037
2020	2	38,416	-	-	3	4,188	5	9,839	10	52,443
2021 YTD	3	24,600	-	-	2	2,549	1	1,583	6	28,732
Total	18	130,092	-	-	5	6,737	7	14,979	30	151,808

Source: Bank Data

The following are examples of BB’s CD lending in the AA during the review period.

- In 2020, BB was the lead lender on a \$21.4 million participation loan to construct a 49-unit housing development specifically targeted to low-income families and low-income persons with mental health conditions.
- In 2019, the bank originated a \$10.8 million LIHTC program loan for the construction of a 60-unit apartment complex that will house only low-income individuals and families.
- In 2018, the bank originated a \$14.5 million LIHTC program loan for the construction of a 57-unit apartment complex intended to house only low-income individuals and families.

INVESTMENT TEST

Investment Test performance in the Los Angeles-Long Beach CSA AA is above that of the California rated area.

Investment and Grant Activity

BB has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those not routinely provided by private investors. Investment activity almost tripled from the previous evaluation, where investments and grants totaled \$2.9 million. While partially attributable to a longer examination period, this increase demonstrates management’s efforts to improve performance in the AA over the review period. Additionally, BB outperformed peer institutions in the investment of funds and provision of grants to the AA.

Qualified Investments by Year and Purpose										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-	-
2018	1	3,000	-	-	-	-	-	-	1	3,000
2019	2	5,818	-	-	-	-	-	-	2	5,818
2020	-	-	-	-	-	-	-	-	-	-
2021 YTD	-	-	-	-	1	1,000	-	-	1	1,000
Subtotal	3	8,818	-	-	1	1,000	-	-	4	9,818
Qualified Grants & Donations	15	58	52	172	13	52	-	-	80	282
Total	18	8,876	52	172	14	1,052	-	-	84	10,100

Source: Bank Data

The following are examples of BB’s CD investments and donations in the AA.

- In 2021, the bank invested \$1.0 million in a local minority depository institution.
- In 2020, the bank donated \$500,000 to a CDFI in the AA that facilitates financing to minority-owned small businesses located in disadvantaged areas and/or areas adversely affected by the COVID-19 pandemic.
- In 2019, the bank invested \$5.1 million in a MBS secured entirely by loans to LMI borrowers.

Responsiveness to Credit and Community Development Needs

BB exhibits excellent responsiveness to credit and CD needs in the AA. Refer to the California rated area for detail.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support CD initiatives; refer to bankwide conclusions for detail.

SERVICE TEST

Service Test performance in the Los Angeles-Long Beach CSA AA is consistent with California conclusions.

Accessibility of Delivery Systems

Service delivery systems are reasonably accessible to essentially all portions of the AA. BB operates 8 full-service branches, 2 ATMS, and a single LPOs in the AA. One, or 12.5 percent, of the bank’s branches are located in low-income tracts, which compares favorably to the 5.4 percent of branches operated in these geographies by other institutions in the AA and to the percentage of low-income households and families in the area. One, or 12.5 percent, of the bank’s branches are located in moderate-income tracts, which is below demographic data on

households, families, and businesses in the AA and also below the 19.8 percent of branches other institutions operate in these geographies.

Of the remaining branches, four are located in middle-income and two are located in upper-income tracts. Mapping of branch locations did not indicate arbitrary exclusion of any specific LMI areas in the AA, but also did not demonstrate close proximity of branches in middle- or upper-income tracts to LMI geographies. Refer to bankwide section for discussion of alternative delivery systems.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. The bank opened five branches during the review period: one in a moderate-income and four in middle-income tracts. Of the six locations closed during the review period, one was located in a moderate-income, four were located in middle-income, and one was located in an upper-income tract.

Branch changes in the AA were attributable to the institution's acquisition of Alta Pacific Bank. All branches opened during the review period were branches acquired from Alta Pacific, and closed branches were primarily the result of branch consolidations where acquired branches overlapped with market areas of existing BB locations. As an equal number of branches were opened and closed in moderate-income tracts, branch changes did not impact the number of branches in LMI areas of the AA. Additionally, mapping demonstrates that the proximity of other BB locations generally mitigated any impact branch closures had on LMI individuals.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and/or individuals. Refer to bankwide discussion for detail.

Community Development Services

BB provides a relatively high level of CD services to the Los Angeles-Long Beach CSA AA; see the following table. Total hours consisted of 256 instances of service to 33 different CD organizations in the AA. Performance increased dramatically from the prior evaluation, where employees provided 188 hours of service to the AA. The majority of service hours were provided in support of various community service initiatives—a CD need identified by the community contact. Additionally, BB's level of service hours provided in the AA compares favorably to peer institutions.

Community Development Services by Year and Purpose					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	# Hours	# Hours	# Hours	# Hours	# Hours
2017	-	-	-	-	-
2018	5	226	32	-	263
2019	3	344	24	-	371
2020	2	81	-	-	83
2021 YTD	-	30	-	-	30
Total	10	681	56	-	747

Source: Bank Data

The following are examples of CD services provided by bank employees during the review period.

- From 2019 to 2021, five bank employees promoted community services by contributing 19 hours teaching financial education courses at schools where the majority of students qualify for free or reduced lunch programs.
- From 2018 to 2020, four bank employees contributed a total of 51 hours by conducting first-time homebuyer workshops for LMI individuals within the AA.
- From 2018 to 2019, an employee served 92 hours on the Board of an organization that provides community services and programs to primarily LMI youth and families.

OTHER ASSESSMENT AREAS – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE ASSESSMENT AREAS

Conclusions for the California AAs reviewed using limited-scope examination procedures are summarized in the below table. Examiners drew conclusions regarding the institution’s CRA performance from reviewing available facts and data, including performance figures, aggregate lending data comparisons, and demographic information. The conclusions inconsistent with the California rated area did not alter the bank’s overall performance rating.

Assessment Area	Lending Test	Investment Test	Service Test
California Non-MSA	Below	Below	Below
Chico MSA	Below	Below	Below
Redding-Red Bluff CSA	Below	Consistent	Below
Sacramento-Roseville CSA	Consistent	Below	Consistent
San Diego-Chula Vista-Carlsbad MSA	Consistent	Consistent	Consistent
Santa Rosa-Petaluma MSA	Below	Below	Below

Facts and data supporting conclusions for each limited-scope AA follow, beginning with a summary of the institution’s operations and activities, followed by geographic distribution and borrower profile tables by loan type. Description of the limited scope AAs, including changes to individual AAs, demographic data, and market share information are included in the appendix.

California Non-MSA

The AA consists of Siskiyou County. Branch distribution is consistent with bank performance.

Activity	#	\$(000s)
Small Business Loans	125	7,099
Home Mortgage Loans	75	9,382
CD Loans	-	-
CD Investments (New)	1	710
CD Investments (Prior Period)	-	-
CD Donations	8	24
CD Services	45	106 hours
<i>Source: Bank Data</i>		

Chico MSA

The AA consists of Butte County. Branch distribution is below performance of the bank overall, though consistent with California conclusions.

Activity	#	\$(000s)
Small Business Loans	68	6,964
Home Mortgage Loans	41	7,935
CD Loans	-	-
CD Investments (New)	-	-
CD Investments (Prior Period)	-	-
CD Donations	5	15
CD Services	96	204 hours
<i>Source: Bank Data</i>		

Redding-Red Bluff CSA

The AA consists Shasta Tehama counties. Branch distribution is below performance of the bank overall, though consistent with California conclusions.

Activity	#	\$(000s)
Small Business Loans	237	30,113
Home Mortgage Loans	99	20,623
CD Loans	4	14,364
CD Investments (New)	2	2,900
CD Investments (Prior Period)	-	-
CD Donations	16	33
CD Services	21	74 hours
<i>Source: Bank Data</i>		

Sacramento-Roseville CSA

The AA consists of Pacer, Nevada, Sacramento, and Yolo counties. Branch distribution is below performance of the bank overall, though consistent with California conclusions.

Activity	#	\$(000s)
Small Business Loans	935	159,089
Home Mortgage Loans	220	128,551
CD Loans	17	102,986
CD Investments (New)	-	-
CD Investments (Prior Period)	-	-
CD Donations	27	91
CD Services	92	290 hours
<i>Source: Bank Data</i>		

San Diego-Chula Vista-Carlsbad MSA

The AA consists of San Diego County. Branch distribution is consistent with bank performance.

Activity	#	\$(000s)
Small Business Loans	1,147	171,958
Home Mortgage Loans	463	135,841
CD Loans	17	60,502
CD Investments (New)	3	21,440
CD Investments (Prior Period)	-	-
CD Donations	47	159
CD Services	169	536 hours
<i>Source: Bank Data</i>		

Santa Rosa-Petaluma MSA

The AA consists of Sonoma County. Branch distribution performance is below performance of the bank overall.

Activity-Santa Rosa-Petaluma MSA	#	\$(000s)
Small Business Loans	17	2,960
Home Mortgage Loans	*	*
CD Loans	-	-
CD Investments (New)	-	-
CD Investments (Prior Period)	-	-
CD Donations	1	5
CD Services	-	-
<i>Source: Bank Data</i>		
<i>*** – 2020 Home Mortgage Lending not presented; see overall scope section</i>		

Geographic Distribution and Borrower Profile

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																		2018
Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
California Non-MSA	42	4,823	1,083	7.2	4.8	6.0	25.2	33.3	19.2	67.6	61.9	74.8	0.0	0.0	0.0	0.0	0.0	0.0
Chico MSA	25	5,615	6,382	0.9	0.0	1.5	20.3	8.0	15.5	51.6	16.0	49.3	27.2	76.0	33.8	0.0	0.0	0.0
Redding-Red Bluff CSA	41	7,416	7,610	0.0	0.0	0.0	20.9	29.3	18.4	58.4	63.4	59.1	20.7	7.3	22.5	0.0	0.0	0.0
Sacramento-Roseville CSA	103	54,589	81,975	4.6	1.9	6.3	18.9	26.2	20.0	33.8	29.1	32.6	42.7	42.7	41.1	0.0	0.0	0.0
San Diego- Carlsbad MSA	237	68,644	94,816	2.8	3.4	3.4	15.1	15.6	16.1	35.5	28.7	34.5	46.6	52.3	46.0	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2018 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2019
Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
California Non-MSA	33	4,559	1,255	7.2	9.1	6.5	25.2	33.3	18.8	67.6	57.6	74.7	0.0	0.0	0.0	0.0	0.0	0.0	
Chico MSA	16	2,320	7,788	0.9	0.0	1.3	20.3	6.3	17.8	51.6	18.8	39.9	27.2	75.0	41.0	0.0	0.0	0.0	
Redding-Red Bluff CSA	58	13,207	9,300	0.0	0.0	0.0	20.9	20.7	18.4	58.4	74.1	56.9	20.7	5.2	24.7	0.0	0.0	0.0	
Sacramento-Roseville CSA	117	73,962	108,815	4.6	6.0	5.6	18.9	21.4	17.8	33.8	33.3	32.2	42.7	39.3	44.5	0.0	0.0	0.0	
San Diego-Carlsbad MSA	226	67,197	132,961	2.8	4.4	2.9	15.1	12.8	14.9	35.5	34.1	34.8	46.6	48.7	47.5	0.0	0.0	0.0	
Total	450	161,244	260,119	3.3	4.4	3.9	17.3	17.3	16.3	37.0	40.2	34.8	42.4	38.0	45.0	0.0	0.0	0.0	

Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2018
Assessment Area:	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
California Non-MSA	42	4,823	1,083	29.9	14.3	6.9	19.8	28.6	15.7	19.3	26.2	22.9	31.1	28.6	42.8	0.0	2.4	11.7	
Chico MSA	25	5,615	6,382	22.9	8.0	4.4	16.7	0.0	12.0	19.0	24.0	20.0	41.4	52.0	50.3	0.0	16.0	13.3	
Redding-Red Bluff CSA	41	7,416	7,610	22.5	2.4	3.8	18.8	12.2	14.3	19.6	24.4	21.4	39.2	56.1	45.5	0.0	4.9	15.1	
Sacramento-Roseville CSA	103	54,589	81,975	23.8	3.9	4.3	16.5	12.6	13.7	18.2	23.3	22.3	41.5	56.3	45.4	0.0	3.9	14.3	
San Diego-Carlsbad MSA	237	68,644	94,816	23.6	4.2	2.6	16.9	8.4	7.6	17.8	11.8	18.5	41.7	72.6	55.7	0.0	3.0	15.5	
Total	448	141,087	191,866	23.7	5.1	3.5	16.9	11.2	10.6	18.1	17.6	20.3	41.4	62.1	50.7	0.0	4.0	14.9	

Source: 2015 ACS Census; 01/01/2018 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2019
Assessment Area:	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
California Non-MSA	33	4,559	1,255	29.9	6.1	7.3	19.8	24.2	16.3	19.3	18.2	21.5	31.1	51.5	36.7	0.0	0.0	18.2	
Chico MSA	16	2,320	7,788	22.9	0.0	3.2	16.7	6.3	12.6	19.0	6.3	20.7	41.4	81.3	49.3	0.0	6.3	14.2	
Redding-Red Bluff CSA	58	13,207	9,300	22.5	1.7	3.4	18.8	10.3	12.2	19.6	27.6	21.8	39.2	56.9	43.8	0.0	3.4	19.0	
Sacramento-Roseville CSA	117	73,962	108,815	23.8	0.9	3.3	16.5	15.4	13.2	18.2	16.2	21.9	41.5	57.3	44.8	0.0	10.3	16.9	
San Diego-Carlsbad MSA	226	67,197	132,961	23.6	1.3	2.2	16.9	5.8	7.2	17.8	13.7	17.7	41.7	75.2	53.3	0.0	4.0	19.6	

Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2018
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
California Non-MSA	17	682	742	14.2	11.8	15.5	20.7	29.4	18.3	65.1	58.8	66.2	0.0	0.0	0.0	0.0	0.0	0.0	
Chico MSA	15	1,672	4,304	1.3	0.0	1.2	26.2	40.0	23.0	47.1	26.7	44.1	25.5	33.3	31.7	0.0	0.0	0.0	
Redding-Red Bluff CSA	53	5,770	4,521	0.0	0.0	0.0	26.5	20.8	22.7	57.5	69.8	60.6	16.0	9.4	16.7	0.0	0.0	0.0	
Sacramento-Roseville CSA	231	39,363	51,786	9.2	6.9	8.2	21.8	30.7	20.6	30.2	28.6	28.6	36.8	32.5	41.5	2.0	1.3	1.1	
San Diego-Carlsbad MSA	172	29,454	98,589	5.5	8.1	4.7	15.2	17.4	14.0	35.1	37.8	34.4	44.0	35.5	46.9	0.2	1.2	0.1	

Source: 2018 D&B Data; 01/01/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2019
Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	
California Non-MSA	33	2,239	810	14.8	18.2	15.3	21.2	21.2	19.3	64.1	60.6	65.4	0.0	0.0	0.0	0.0	0.0	0.0	
Chico MSA	20	1,532	4,438	1.4	0.0	1.4	27.0	25.0	23.1	44.9	15.0	40.7	26.7	60.0	34.8	0.0	0.0	0.0	
Redding-Red Bluff CSA	48	7,350	4,837	0.0	0.0	0.0	25.6	31.3	22.1	58.4	68.8	60.0	16.0	0.0	17.9	0.0	0.0	0.0	
Sacramento-Roseville CSA	237	48,358	55,147	9.0	11.0	7.9	21.6	30.0	20.8	30.0	22.8	28.7	37.5	33.3	41.5	1.9	3.0	1.0	
San Diego Carlsbad MSA	236	45,383	105,095	5.5	11.9	4.9	14.9	16.1	14.1	34.9	40.7	34.5	44.5	30.5	46.4	0.2	0.8	0.1	

Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography														2020
Assessment Area:	Total Loans to Small Businesses		Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts			
	#	\$	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans		
California Non-MSA	75	4,178	14.7	17.3	21.5	22.7	63.8	60.0	0.0	0.0	0.0	0.0		
Chico MSA	33	3,760	1.5	0.0	27.7	24.2	43.8	51.5	27.1	24.2	0.0	0.0		
Redding-Red Bluff CSA	136	16,993	0.0	0.0	24.3	39.7	60.5	51.5	15.1	8.8	0.0	0.0		
Sacramento-Roseville CSA	467	71,368	9.1	9.2	22.2	29.1	29.7	23.1	37.0	36.8	1.9	1.7		
San Diego-Chula Vista-Carlsbad MSA	739	97,121	5.5	10.8	14.9	13.5	34.8	39.4	44.6	35.3	0.2	0.9		
Santa Rosa-Petaluma CSA	17	2,960	0.0	0.0	28.1	11.8	46.8	70.6	25.2	17.6	0.0	0.0		

Source: 2020 D&B Data; 01/01/2020 - 12/31/2020 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2018
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
California Non-MSA	17	682	742	82.1	82.4	45.6	3.9	17.6	14.0	0.0	
Chico MSA	15	1,672	4,304	85.4	26.7	48.4	4.5	73.3	10.1	0.0	
Redding-Red Bluff CSA	53	5,770	4,521	84.6	54.7	50.1	4.7	45.3	10.6	0.0	
Sacramento-Roseville CSA	231	39,363	51,786	85.3	61.0	46.3	4.8	38.1	9.9	0.9	
San Diego-Chula Vista-Carlsbad MSA	172	29,454	98,589	87.4	43.0	45.5	5.2	57.0	7.4	0.0	

Source: 2018 D&B Data; 01/01/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2019
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
California Non-MSA	33	2,239	810	82.8	84.8	46.9	3.8	15.2	13.4	0.0	
Chico MSA	20	1,532	4,438	86.3	35.0	49.6	4.2	65.0	9.5	0.0	
Redding-Red Bluff CSA	48	7,350	4,837	86.0	43.8	50.7	4.3	56.3	9.8	0.0	
Sacramento-Roseville CSA	237	48,358	55,147	87.1	44.3	50.0	4.1	55.3	8.8	0.4	
San Diego-Chula Vista-Carlsbad MSA	236	45,383	105,095	88.8	43.6	49.2	4.5	56.4	6.7	0.0	

Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues								2020
Assessment Area:	Total Loans to Small Businesses		Businesses with Revenues <= 1MM		Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans
California Non-MSA	75	4,178	82.4	22.7	3.7	4.0	13.9	73.3
Chico MSA	33	3,760	86.1	9.1	4.2	24.2	9.6	66.7
Redding-Red Bluff CSA	136	16,993	86.6	14.7	4.0	14.0	9.4	71.3
Sacramento-Roseville CSA	467	71,368	87.4	12.6	3.9	17.1	8.7	70.2
San Diego-Chula Vista-Carlsbad MSA	739	97,121	89.1	11.1	4.2	13.1	6.7	75.8
Santa Rosa-Petaluma CSA	17	2,960	87.9	11.8	4.9	17.6	7.3	70.6

*Source: 2020 D&B Data; 01/01/2020 - 12/31/2020 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

**PORTLAND-VANCOUVER-HILLSBORO MULTISTATE
METROPOLITAN AREA**

**CRA RATING FOR PORTLAND-VANCOUVER-HILLSBORO MULTISTATE
METROPOLITAN AREA: OUTSTANDING**

The Lending Test is rated: Outstanding

The Investment Test is rated: Outstanding

The Service Test is rated: High Satisfactory

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN PORTLAND-
VANCOUVER-HILLSBORO MULTISTATE METROPOLITAN AREA**

The PVH Multistate MSA is located along the southwest border of Washington and the northwest border of Oregon and consists of Clark County in Washington State and Clackamas, Multnomah, and Washington counties in Oregon State. Together, these counties make up the majority of the Portland-Vancouver-Hillsboro, Oregon-Washington Multistate MSA. BB did not make any changes to the AA during the review period.

Economic and Demographic Data

According to the 2015 ACS data, the PVH Multistate MSA consists of 11 low-, 110 moderate-, 202 middle-, and 133 upper-income CTs, as well as 3 CTs with no income designation. The following table shows select demographic, housing, and business data for the AA.

Demographic Information of the Assessment Area Portland-Vancouver-Hillsboro Multistate MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	459	2.4	24.0	44.0	29.0	0.7
Population by Geography	2,158,572	2.1	25.2	44.2	28.4	0.1
Housing Units by Geography	877,280	2.0	24.8	44.0	29.1	0.2
Owner-Occupied Units by Geography	498,223	0.8	18.9	46.5	33.7	0.0
Occupied Rental Units by Geography	330,835	3.6	33.4	40.0	22.4	0.5
Vacant Units by Geography	48,222	2.1	26.2	45.3	26.1	0.3
Businesses by Geography	229,327	2.6	21.3	39.1	34.6	2.4
Farms by Geography	6,154	1.6	15.8	50.7	31.1	0.7
Family Distribution by Income Level	525,045	21.1	17.3	20.3	41.3	0.0
Household Distribution by Income Level	829,058	23.8	16.2	18.0	42.0	0.0
Median Family Income MSA - 38900 Portland-Vancouver-Hillsboro, OR-WA MSA		\$73,089	Median Housing Value			\$288,914
			Median Gross Rent			\$1,027
			Families Below Poverty Level			9.1%
<i>Source: 2015 ACS and 2019 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>						

Moody's data indicates cost of living and home prices throughout the AA are higher than national averages, resulting in low housing affordability. Family income in the AA increased over the evaluation period; see the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Portland-Vancouver-Hillsboro, OR-WA MSA Median Family Income (38900)				
2018 (\$81,400)	<\$40,700	\$40,700 to <\$65,120	\$65,120 to <\$97,680	≥\$97,680
2019 (\$87,900)	<\$43,950	\$43,950 to <\$70,320	\$70,320 to <\$105,480	≥\$105,480
2020 (\$92,100)	<\$46,050	\$46,050 to <\$73,680	\$73,680 to <\$110,520	≥\$110,520
<i>Source: FFIEC</i>				

The AA's unemployment rates were generally stable from 2018 to 2019 and increased significantly in 2020 due to the pandemic. County performance in comparison to state and national averages varied; see the following table.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Clackamas County	3.6	3.4	7.3
Clark County	4.7	4.7	8.6
Multnomah County	3.6	3.2	8.6
Washington County	3.4	3.1	6.5
Oregon State	4.0	3.7	7.6
Washington State	3.4	3.1	6.5
National Average	3.9	3.7	8.1

Source: Bureau of Labor Statistics

The significant impact of the pandemic on unemployment in the AA is primarily due to the industry mix of the Portland-Vancouver area; according to 2019 D&B data, 41.3 percent of non-farm businesses in the area are service industries and 10.8 percent of non-farm businesses are retail trade. The area’s top employers include Intel Corporation, Providence Health Systems, Oregon Health & Science University, and Nike Incorporated.

Moody’s data indicates the cost of operating a business in the AA slightly exceeds national averages and D&B data indicates the majority of business in the AA are very small. By number, 65.3 percent of businesses employ four or fewer employees and 92.7 percent operate from a single location.

Competition

According to the June 30, 2020 FDIC Deposit Market Share Data, 32 financial institutions operate 488 full-service branches within the bank’s PVH Multistate MSA AA. Of these, BB ranked 13th, with a 0.8 percent deposit market share.

Community Contacts

Examiners reviewed recent community contacts with two organizations that serve the PVH Multistate MSA. The first contact, from a small business development center, noted there is a growing need for access to alternative capital funding in order to sustain small- to medium-sized businesses during the pandemic. The second contact, from an affordable housing organization, emphasized the growing need for down payment assistance programs and noted significant opportunity in the AA for institutions to collaborate with housing organizations to assist first-time homebuyers in qualifying for and obtaining home loans. Both contacts indicated that the local banks were actively assisting the AA despite a decline in financial institution lending.

Credit and Community Development Needs and Opportunities

Considering the information from the community contacts, bank management, and demographic and economic data, examiners determined that bridge lending to small businesses and affordable housing lending, particularly assistance program loans, represent primary CD credit needs in the AA. Area demographic and economic data indicate education and support for small businesses and community services to LMI individuals and families represent primary CD needs in the AA.

SCOPE OF EVALUATION – PORTLAND-VANCOUVER-HILLSBORO MULTISTATE METROPOLITAN AREA

A breakdown of the lending, deposit, and branch distribution of the PVH Multistate MSA is shown in the following table.

Breakdown of Loans, Deposits, and Branches					
Loans		Deposits		Branches	
\$(000s)	% Bank Total	\$(000s)	% Bank Total	#	% Bank Total
936,947	9.8	522,921	4.4	9	5.8
<small>Source: Reported loans 2017, 2018, 2019, and 2020; bank records; FDIC Summary of Deposits (06/30/2020)</small>					

Product weighting and rationale in the PVH Multistate MSA is consistent with the overall Scope of Evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA IN PORTLAND- VANCOUVER-HILLSBORO MULTISTATE METROPOLITAN AREA

LENDING TEST

BB is rated “Outstanding” in the Lending Test in the PVH Multistate AA.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs. Product trends are generally consistent with overall bank performance; see bankwide section for discussion. According to 2018 Peer Mortgage Data, BB ranked 41st out of the 623 reporting institutions in the AA, giving the bank a market share of 0.6 percent by number. Per 2018 Peer Small Business Data, BB ranked 19th out of 142 reporting institutions in the AA, with a market share of 0.4 percent by number. As of 2019 aggregate data, BB ranked 45th of 640 home mortgage reporting lenders and 20th of 130 small business reporting lenders in the AA, giving the bank a market share of 0.5 percent for both lending categories.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the AA. This conclusion is supported by adequate home mortgage and good small business lending distributions; see the following subsections.

Home Mortgage Loans

The bank’s home mortgage lending to LMI geographies during the review period is adequate. Lending was relatively stable from 2018 to 2019 and was in line with aggregate and demographic indicators in both low- and moderate-income tracts over the entire review period. See the following table.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: PVH Multistate MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	0.8	0.9	3	0.6	806	0.5
2019	0.8	0.8	3	0.6	7,264	5.7
Moderate						
2018	18.9	19.9	102	20.3	40,626	26.9
2019	18.9	18.7	85	17.5	18,370	14.3
Middle						
2018	46.5	46.4	231	46.0	57,829	38.3
2019	46.5	47.3	224	46.1	51,899	40.5
Upper						
2018	33.7	32.8	166	33.1	51,665	34.2
2019	33.7	33.1	174	35.8	50,758	39.6
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2018	100.0	100.0	502	100.0	150,925	100.0
2019	100.0	100.0	486	100.0	128,290	100.0
Source: 2015 ACS; Bank Data, 2018, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%						

Small Business Loans

Lending to low-income CTs was in line with demographic and peer data in 2018, increased to above indicators in 2019, and remained stable into 2020. Small business lending in moderate-income tracts was similarly in line with peer and demographics in 2018 and increased to slightly above indicators in 2019. Performance in moderate-income tracts in 2020 fell slightly but remained in line with demographics. Additionally, lending to LMI CTs by number approximately doubled year over year during the review period. Overall, this performance is good.

Geographic Distribution of Small Business Loans						
Assessment Area: PVH Multistate MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	2.7	2.5	6	2.7	939	1.9
2019	2.6	2.5	13	4.6	1,257	2.3
2020	2.6	--	31	4.4	5,478	5.1
Moderate						
2018	21.4	21.3	45	20.5	13,445	27.3
2019	21.3	21.4	70	24.9	16,842	31.0
2020	21.5	--	150	21.1	24,210	22.3
Middle						
2018	39.0	39.6	85	38.8	19,140	38.8
2019	39.1	39.8	86	30.6	15,902	29.3
2020	39.5	--	243	34.2	39,205	36.2
Upper						
2018	34.3	34.7	77	35.2	14,226	28.9
2019	34.6	34.5	104	37.0	18,712	34.5
2020	34.2	--	269	37.8	37,279	34.4
Not Available						
2018	2.6	1.9	6	2.7	1,523	3.1
2019	2.4	1.9	8	2.8	1,545	2.8
2020	2.3	--	18	2.5	2,280	2.1
Totals						
2018	100.0	100.0	219	100.0	49,273	100.0
2019	100.0	100.0	281	100.0	54,258	100.0
2020	100.0	--	711	100.0	108,452	100.0

Source: 2018, 2019 & 2020 D&B Data; Bank Data; 2018, 2019 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different size in the AA. This conclusion is supported by good home mortgage and adequate small business lending performance.

Home Mortgage Loans

In 2018, BB’s lending to low-income borrowers was above peer, while lending to moderate-income borrowers was in line with aggregate and slightly below demographics. Performance was similar in 2019, with slightly-above aggregate lending to low-income borrowers and lending

to moderate-income borrowers comparable to both aggregate and demographic indicators. Due primarily to BB's outperformance of peer in lending to low-income borrowers, overall performance is good; see the following table.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: PVH Multistate MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	21.1	3.9	32	6.4	1,830	1.2
2019	21.1	4.2	27	5.6	906	0.7
Moderate						
2018	17.3	15.8	76	15.1	11,101	7.4
2019	17.3	16.8	80	16.5	13,790	10.7
Middle						
2018	20.3	24.6	83	16.5	15,633	10.4
2019	20.3	24.4	103	21.2	24,161	18.8
Upper						
2018	41.3	44.9	287	57.2	89,512	59.3
2019	41.3	41.0	265	54.5	74,443	58.0
Not Available						
2018	0.0	10.8	24	4.8	32,850	21.8
2019	0.0	13.6	11	2.3	14,991	11.7
Totals						
2018	100.0	100.0	502	100.0	150,925	100.0
2019	100.0	100.0	486	100.0	128,290	100.0

*Source: 2015 ACS; Bank Data, 2018, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

BB's rate of lending to small businesses was in line with aggregate in 2018. Despite an increase in lending by number in 2019, the bank's percentage of lending to small businesses fell in 2019, and was slightly below aggregate. As with other AAs, 2020 lending percentages were impacted by the influx of loans without reported revenues. Of the loans made only to businesses with reported revenues, 44.0 percent were made to businesses with GARs of \$1 million or less, which is consistent with lending ratios in prior years. A significant majority of the loans reported as revenue not available were PPP loans—an identified CD need for the AA. Considering all factors, overall lending to small borrowers is adequate.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: PVH Multistate MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	87.4	48.2	102	46.6	11,892	24.1
2019	89.2	51.8	121	43.1	12,875	23.7
2020	90.0	--	102	14.3	16,378	15.1
>1,000,000						
2018	4.7	--	116	53.0	37,380	75.9
2019	3.9	--	160	56.9	41,383	76.3
2020	3.5	--	130	18.3	38,482	35.5
Revenue Not Available						
2018	7.9	--	1	0.5	1	0.0
2019	6.9	--	0	0.0	0	0.0
2020	6.5	--	479	67.4	53,592	49.4
Totals						
2018	100.0	100.0	219	100.0	49,273	100.0
2019	100.0	100.0	281	100.0	54,258	100.0
2020	100.0	--	711	100.0	108,452	100.0

Source: 2018, 2019 & 2020 D&B Data; Bank Data; 2018, 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%

Community Development Loans

BB is a leader in making CD loans in the PVH Multistate MSA; see the following table. CD lending in the AA more than tripled since the prior examination, when BB made 5 loans totaling \$20.9 million. Of the total, 8 loans totaling \$21.0 million were originated through the PPP. These loans are an identified CD credit need for the AA and were particularly impactful to supporting businesses through the pandemic. Additionally, the majority of CD lending dollars went towards affordable housing initiatives, an identified CD need for the AA. These factors demonstrate BB's responsiveness.

Community Development Lending by Year and Purpose										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017	-	-	-	-	-	-	-	-	-	-
2018	1	8,342	-	-	-	-	-	-	1	8,342
2019	3	5,287	-	-	1	417	-	-	4	5,704
2020	6	37,809	-	-	4	9,164	3	10,758	13	57,731
2021 YTD	-	-	-	-	1	1,077	-	-	1	1,077
Total	10	51,438	-	-	6	10,658	3	10,758	19	72,854

Source: Bank Data

Notable of CD loans originated in the AA include the following.

- In 2019, BB originated a \$417,000 loan to CDFI in the AA.
- In 2020, BB was lead lender on a \$17.3 million LIHTC program loan for the renovation of a 74-unit apartment complex.
- In 2020, BB was lead lender on an \$11.4 million LIHTC program loan for the renovation of a 100-unit apartment complex.

INVESTMENT TEST

The Investment Test performance in the PVH Multistate MSA AA is rated “Outstanding.”

Investment and Grant Activity

BB has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors; see the following table. Of the total, the substantial majority \$13.5 million of investment dollars were new monies invested in the AA. CD investment volume increased from the prior evaluation, where investments and grants totaled \$8.8 million during a slightly shorter review period. Additionally, BB outperformed peer institutions in the investment of finds and provision of grants to the AA.

Qualified Investments by Year and Purpose										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	1	1,635	-	-	-	-	1	1,635
2017	-	-	-	-	-	-	-	-	-	-
2018	1	2,162	-	-	-	-	-	-	1	2,162
2019	-	-	-	-	-	-	-	-	-	-
2020	1	6,314	1	5,000	-	-	-	-	2	11,314
2021 YTD	-	-	-	-	-	-	-	-	-	-
Subtotal	2	8,476	2	6,635	-	-	-	-	4	15,111
Qualified Grants & Donations	23	117	23	77	7	23	-	-	53	217
Total	25	8,593	25	6,712	7	23	-	-	57	15,328

Source: Bank Data

The following are examples of the institution’s CD investments and donations in the AA.

- In 2020, the bank supported affordable housing in the AA by investing \$6.3 million in a LIHTC to build a 178-unit apartment complex where all units have income restrictions to benefit low-income individuals and families.

- In 2019, BB donated \$1,000 to a CD corporation that provides affordable housing, homeownership support, economic advancement, and educational opportunities to LMI families in the Portland area.
- In 2018, the bank supported affordable housing by investing \$2.2 million in a bond where the funds were used to construct a 120-unit apartment complex in the AA. All units are restricted to low-income individuals and families.

Responsiveness to Credit and Community Development Needs

BB exhibits excellent responsiveness to credit and CD needs of the PVH Multistate MSA. All investment dollars went towards affordable housing and community service initiatives—identified CD credit and CD needs in the AA. Additionally, as discussed, the substantial majority of investment dollars were new monies, demonstrating management’s responsiveness during the review period to the current CD needs of the area.

Community Development Initiatives

The bank did not use innovative and/or complex investments to support CD initiatives in the PVH Multistate MSA; refer to overall conclusions for detail.

SERVICE TEST

BB is rated “High Satisfactory” in the Service Test in the PVH Multistate MSA.

Accessibility of Delivery Systems

Service delivery systems are reasonably accessible to essentially all portions of the AA. BB operates nine full-service branches, eight ATMS, and three LPOs in the AA. One, or 11.1 percent, of the bank’s branches are located in low-income tracts, which compares favorably to the 3.9 percent of branches operated in these geographies by other institutions in the AA and to the percentage of low-income households and families in the area. One, or 11.1 percent, of the bank’s branches are located in moderate-income tracts, which is below demographic data on households, families, and businesses in the AA and also below the 26.5 percent of branches other institutions operate in these geographies.

Of the remaining branches, two are located in middle-income tracts, four are located in upper-income tracts, and two are located in tracts without income designations. Mapping of branch locations did not indicate arbitrary exclusion of any specific LMI areas in the AA, but also did not demonstrate close proximity of branches in middle- or upper-income tracts to certain portions of LMI areas in the AA, such as the southeastern Portland-Gresham or northern Portland-Vancouver areas. Accessibility in the AA is bolstered by the bank’s available alternative delivery systems; refer to bankwide section for discussion.

Changes in Branch Locations

The institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals, as the bank did not open or close any branches in the AA during the review period.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and/or individuals. Refer to bankwide discussion for detail.

Community Development Services

BB provides a relatively high level of CD services within the PVH Multistate MSA; see the following table. Total hours consisted of 422 instances of service to 27 different CD organizations in the AA. Service hours increased significantly from the prior evaluation, where BB employees provided 104 hours of service—considered a limited level of CD services. While this increase is partially attributable to a longer review period, the increase in service hours is dramatic and demonstrates management’s efforts to improve performance in the AA during the review period. Additionally, BB’s level of service hours provided in the AA compares favorably to peer institutions.

Community Development Services by Year and Purpose					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize Stabilize	Totals
	# Hours	# Hours	# Hours	# Hours	# Hours
2017	-	-	-	-	-
2018	40	70	63	-	173
2019	130	216	121	-	467
2020	13	109	69	-	191
2021 YTD	4	11	-	-	15
Total	187	406	253	-	846

Source: Bank Data

The following are examples of CD services provided by BB employees during the review period.

- In 2019, a bank employee promoted economic development by contributing 40 hours serving as a Board member for an organization providing small business assistance and education to women-owned businesses in the AA.
- From 2018 to 2019, a bank employee promoted affordable housing by contributing 120 total hours serving as a Board member for an organization that provides housing opportunities and assistance to LMI families in the AA.

IDAHO

CRA RATING FOR IDAHO: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN IDAHO

The Idaho rated area consists of four AAs covering western and central Idaho. Refer to bank Description of Assessment Areas for list and to respective AA analyses for detail, including key demographic and economic information specific to each.

Though part of BB's AA at the prior examination, Twin Falls County was re-designated from a non-MSA to form the newly created Twin Falls MSA in 2018. Thus, the county was removed from the Idaho Non-MSA AA and reviewed separately as the Twin Falls MSA AA at this evaluation. Additionally, BB closed its single branch location in Bonner County in 2019 and exited the area; as such, Bonner was removed from the Idaho Non-MSA AA starting in 2020.

SCOPE OF EVALUATION – IDAHO

Based on lending activity, deposit volume, and branch distribution, the Boise City MSA AA was reviewed using full-scope procedures and contributed the greatest weight to overall conclusions. The remaining AAs in Idaho were reviewed using limited-scope procedures; of those, the Twin Falls AA contributed lesser weight to conclusions. See the following table.

Assessment Area Breakdown of Loans, Deposits, and Branches - Idaho						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	% Bank Total	\$(000s)	% Bank Total	#	% Bank Total
Boise City MSA	294,462	3.1	269,045	2.3	4	2.6
Coeur d'Alene MSA	65,553	0.7	33,054	0.3	1	0.6
Idaho Non-MSA	99,609	1.0	141,887	1.2	3	1.9
Twin Falls MSA	19,050	0.2	53,509	0.5	1	0.6
Idaho State Total	478,674	5.0	497,495	4.2	9	5.8

Source: Reported loans 2017, 2018, 2019, and 2020; bank records; FDIC Summary of Deposits (06/30/2020)

Product weighting and rationale in the Idaho AAs is consistent with the overall Scope of Evaluation.

CONCLUSIONS ON PERFORMANCE CRITERIA IN IDAHO

LENDING TEST

Idaho Lending Test performance is “High Satisfactory.” Performance in the Boise City MSA AA, which contributes greatest weight to conclusions, is consistent with this conclusion. Performance in the remaining AAs was lower, though still satisfactory.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs. Product trends in Idaho are consistent with overall bank performance; see bankwide section for discussion. Market share and relative market rank for reviewed products varied by AA; refer to each for detail.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the AAs. Performance in the Boise City MSA AA was consistent with the conclusion, while performance in the remaining AAs was lower, though still satisfactory.

Borrower Profile

BB’s distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different size. Performance in the Boise City MSA AA was consistent with this conclusion, while performance in the remaining AAs was above overall Idaho performance.

Community Development Loans

BB is a leader in making CD loans in Idaho; see the following table. Performance was consistent with this conclusion in the Boise City MSA AA and performance in the remaining AAs was lower, though still satisfactory. While no CD loans were originated within the Coeur d’Alene MSA AA during the review period, BB’s presence in the AA is limited, and this lack of CD lending is not unreasonable; see the Scope of Evaluation – Idaho section for detail.

CD lending in Idaho increased from the prior evaluation, where BB originated 4 CD loans totaling \$900,000—considered a limited level of CD lending. While the increase is partially attributable to a longer review period, the improvement in performance is dramatic and demonstrates management’s focused efforts to improve performance in Idaho. Additionally, 3 loans, totaling \$4.2 million, were made through the PPP, demonstrating BB’s responsiveness.

Community Development Loans by Assessment Area and Purpose										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Boise City MSA	4	9,520	-	-	3	18,138	3	7,495	10	35,153
Coeur d'Alene MSA	-	-	-	-	-	-	-	-	-	-
Idaho Non-MSA	1	400	-	-	-	-	-	-	1	400
Twin Falls MSA	-	-	1	2,000	-	-	-	-	1	2,000
Statewide Activities	1	745	1	2,600	-	-	-	-	2	3,345
Total	6	10,665	2	4,600	3	18,138	3	7,495	14	40,898

Source: Bank Data

As shown in the above table, two CD loans benefited the Idaho statewide area. One of these was a \$2.6 million loan to construct a facility intended to provide community services such as medical, dental, and psychiatric services to the local area with sliding scale pricing based on income. The other was a \$745,000 loan to renovate a 15-unit multifamily housing project in which all units are reserved for LMI individuals and families.

INVESTMENT TEST

Investment Test performance in Idaho is rated “Low Satisfactory.” Performance in the Boise City MSA and Coeur d’Alene MSA AAs is consistent with this conclusion, while performance in the Idaho Non-MSA and Twin Falls AAs was higher.

Investment and Grant Activity

BB made an adequate level of qualified CD investments and donations, occasionally in a leadership position, particularly those that are not routinely provided by private investors. Of the total, 5 investments totaling \$8.4 million were new monies invested during the review period. CD investment volume in Idaho declined from the prior evaluation, where BB’s investments and donations totaled \$11.7 million—considered a relatively high level. While no CD investments dollars were allocated to the Coeur d’Alene MSA AA during the review period, BB’s presence in the AA is limited and the lack of investment activity is not unreasonable.

Qualified Investments by Assessment Area and Purpose										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Boise City MSA	-	-	1	1,097	-	-	-	-	1	1,097
Coeur d'Alene MSA	-	-	-	-	-	-	-	-	-	-
Idaho Non-MSA	-	-	2	1,116	-	-	-	-	2	1,116
Twin Falls MSA	1	1,170	-	-	-	-	-	-	1	1,170
Statewide Activities	1	5,000	-	-	1	800	-	-	2	5,800
Subtotal	2	6,170	3	2,213	1	800	-	-	6	9,183
Grants/Donations	17	55	28	64	2	5	-	-	47	124
Total	19	6,225	31	2,277	3	805	-	-	53	9,307

Source: Bank Data

As shown in the above table, the institution made two investments in Idaho areas outside of BB’s designated AAs; one was a \$5.0 million MBS consisting primarily of loans to LMI individuals

and the other was a prior period investment in a regional CDFI with a book value of \$800,000 as of the review date.

Responsiveness to Credit and Community Development Needs

BB exhibits adequate responsiveness to credit and CD needs. While the bank's emphasis on affordable housing investments is impactful to LMI individuals and families throughout the Idaho AAs, over half the total investment dollars benefitted the broader Idaho area rather than BB's delineated AAs.

Community Development Initiatives

The bank occasionally uses innovative and/or complex investments to support CD initiatives; refer to bankwide conclusions for detail.

SERVICE TEST

Service Test performance in Idaho is rated "High Satisfactory." Performance in the Boise City MSA and Idaho Non-MSA AAs is consistent with this conclusion, while performance in the Twin Falls AA was higher. Performance in the Coeur d'Alene MSA AA is below that of Idaho overall, but still satisfactory.

Accessibility of Delivery Systems

The bank's delivery systems are accessible to essentially all portions of the institution's AA. Alternative delivery systems available in Idaho are consistent with the bank overall; refer to bankwide section for detail. Branch distribution varies by AA; refer to individual analyses for detail.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches generally has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. Refer to individual analyses for detail on the impact of branch changes on LMI geographies and to LMI individuals.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences certain portions of the Idaho AAs, particularly LMI geographies and/or individuals. Refer to bankwide discussion for detail.

Community Development Services

BB provided a relatively high level of CD services in Idaho. Total hours consisted of 267 instances of service to 20 different CD organizations throughout Idaho. Performance increased from the prior evaluation, where BB employees provided 332 hours of service to Idaho—considered an adequate level. While the increase in performance is primarily attributable to a longer review period, BB's level of service hours provided to the rated area compares favorably to peer institutions. Service hours were provided in each Idaho AA but are particularly notable in the Twin Falls MSA, where BB's physical presence consists of a single branch location.

Community Development Services by Assessment Area and Purpose					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	# Hours	# Hours	# Hours	# Hours	# Hours
Boise City MSA	63	215	-	-	278
Coeur d'Alene MSA	-	26	-	-	26
Idaho Non-MSA	12	105	-	-	117
Twin Falls MSA	85	57	-	-	142
Total	160	403	-	-	563
<i>Source: Bank Data</i>					

Bank employees did not provide any service hours to the broader statewide area during the review period.

BOISE CITY MSA ASSESSMENT AREA– Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE BOISE CITY MSA

The Boise City AA is generally located in Southwest Idaho and consists of all 59 CTs of Ada County and all 29 CTs of Canyon County, which together make up the majority of the tracts within the Boise City MSA. BB did not make any changes to the AA during the review period.

Economic and Demographic Data

According to the 2015 ACS data, the Boise City MSA AA consists of 6 low-, 25 moderate-, 33 middle-, and 24 upper-income tracts. Demographic data is shown in the following table.

Demographic Information of the Assessment Area						
Boise City MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	88	6.8	28.4	37.5	27.3	0.0
Population by Geography	616,422	3.6	26.4	44.8	25.2	0.0
Housing Units by Geography	235,712	4.2	26.7	43.8	25.3	0.0
Owner-Occupied Units by Geography	151,060	1.5	22.2	46.4	29.9	0.0
Occupied Rental Units by Geography	72,033	8.9	35.5	39.4	16.1	0.0
Vacant Units by Geography	12,619	9.5	29.8	37.6	23.2	0.0
Businesses by Geography	57,620	9.8	23.0	37.4	29.9	0.0
Farms by Geography	2,179	4.3	22.9	46.9	26.0	0.0
Family Distribution by Income Level	152,134	18.9	18.6	21.8	40.7	0.0
Household Distribution by Income Level	223,093	22.5	16.6	18.9	42.0	0.0
Median Family Income MSA - 14260 Boise City, ID MSA		\$61,722	Median Housing Value			\$174,922
			Median Gross Rent			\$843
			Families Below Poverty Level			10.0%
<i>Source: 2015 ACS and 2019 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>						

Moody's data indicates cost of living is in line with national averages and below that of other large West Coast metro areas and housing prices are on the rise, particularly in the Boise City metropolitan area.

Additionally, median family incomes increased during the evaluation period; see the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Boise City, ID MSA Median Family Income (14260)				
2018 (\$69,600)	<\$34,800	\$34,800 to <\$55,680	\$55,680 to <\$83,520	≥\$83,520
2019 (\$71,700)	<\$35,850	\$35,850 to <\$57,360	\$57,360 to <\$86,040	≥\$86,040
2020 (\$74,300)	<\$37,150	\$37,150 to <\$59,440	\$59,440 to <\$89,160	≥\$89,160
<i>Source: FFIEC</i>				

Unemployment rates in the AA counties were more favorable than national averages and generally comparable to state averages over the review period; see the following table.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Ada County	2.5	2.4	5.4
Canyon County	3.1	3.0	5.9
Idaho State	2.8	2.8	5.4
National Average	3.9	3.7	8.1

Source: Bureau of Labor Statistics

Unemployment rates in the AA counties were stable from 2018 to 2019 and increased significantly in 2020 as a result of the coronavirus pandemic. According to 2019 D&B data, service industries, at 37.5 percent, represented the largest portion of non-farm businesses in the AA. Retail trade represented 10.8 percent of non-farm businesses. Top employers in the AA include St. Luke’s Health System, Micron Technology Incorporated, and St. Alphonsus Regional Medical Center.

Despite the impact of the pandemic, Moody’s data from March 2021 indicates labor markets have almost entirely recovered in the AA. Additionally, cost of business in the AA is lower than national averages. This is especially beneficial to the high number of very small businesses that operate in the AA—according to 2019 D&B data, 64.2 percent of businesses in the AA by number employ four or fewer employees and 91.7 percent operate from single location.

Competition

According to the June 30, 2020, FDIC Deposit Market Share Data, 22 financial institutions operated 163 full-service branches within the Boise City MSA AA. Of these, BB ranked 12th, with a 1.8 percent deposit market share.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic data, flexible small business lending is a primary credit need in the AA. Similarly, economic development support for entrepreneurs and very small businesses, particularly technical assistance and coaching, is a primary CD need in the AA. Area demographics and D&B data support these conclusions.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE BOISE CITY ASSESSMENT AREA

LENDING TEST

Lending Test performance in the Boise City MSA AA is consistent with Idaho conclusions.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs. Product trends in the Boise MSA AA are consistent with overall bank trends; see bankwide section for detail. According to 2018 Peer Mortgage Data, BB ranked 51st out of the 387 reporting institutions in the AA, giving the bank a market share of 0.4 percent by number. Per 2018 Peer Small Business Data, BB ranked 16th out

of 81 reporting institutions in the AA, with a market share of 1.2 percent by number. As of 2019 aggregate data, BB ranked 57th of 416 home mortgage reporting lenders and 19th of 103 small business reporting lenders in the AA, giving the bank a market share of 0.4 percent and 1.0 percent, respectively.

Geographic Distribution

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

Home Mortgage Loans

Lending in low-income tracts was exactly in line with peer and comparable to demographic data in 2018 and improved in 2019—nearly doubling. Mortgage lending in moderate-income tracts was below aggregate and demographic indicators in 2018, but, as in low-income tracts, performance increased in 2019 and was above both aggregate and demographics. The improvement in lending to LMI tracts from 2018 to 2019 was particularly notable, as aggregate data fell over the same period—indicating some shrinkage of opportunity in these tracts of the AA. However, BB’s lending in LMI tracts in 2020 was less successful. The bank did not make any home loans in low-income geographies and, at 18.8 percent, lending in moderate-income tracts fell back to slightly below demographic indicators.

Considering weaker 2018 and 2020 performance and stronger 2019 performance, overall lending in LMI geographies during the review period was adequate; see the following table.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Boise City MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	1.5	1.7	3	1.7	440	1.0
2019	1.5	1.6	6	3.4	302	0.8
Moderate						
2018	22.2	20.0	27	15.3	4,366	9.9
2019	22.2	19.4	41	23.0	9,615	26.1
Middle						
2018	46.4	47.1	86	48.9	29,006	65.9
2019	46.4	47.1	79	44.4	14,234	38.6
Upper						
2018	29.9	31.1	60	34.1	10,173	23.1
2019	29.9	31.8	52	29.2	12,728	34.5
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2018	100.0	100.0	176	100.0	43,985	100.0
2019	100.0	100.0	178	100.0	36,878	100.0

*Source: 2015 ACS; Bank Data, 2018, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

Lending in low-income CTs was commensurate with aggregate and comparable data in 2018. Performance improved in 2019, outperforming both peer and demographic indicators. Despite a slight decrease, BB’s lending remained slightly above demographics in 2020.

Performance in moderate-income CTs was similar; 2018 lending was comparable to aggregate performance and demographic data, while 2019 performance was above both metrics. In 2020, BB’s lending percentage remained slightly above the demographic data.

Overall, this performance is good; see the following table.

Geographic Distribution of Small Business Loans						
Assessment Area: Boise City MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	10.6	10.1	16	10.1	5,977	19.3
2019	9.8	9.4	21	14.2	6,381	21.2
2020	9.3	--	35	12.0	8,754	19.1
Moderate						
2018	24.2	21.3	34	21.4	6,213	20.0
2019	23.0	22.0	38	25.7	6,707	22.3
2020	22.0	--	70	24.0	10,440	22.8
Middle						
2018	36.7	37.4	50	31.4	7,081	22.8
2019	37.4	37.3	55	37.2	9,070	30.2
2020	38.3	--	96	32.9	11,836	25.9
Upper						
2018	28.5	31.3	59	37.1	11,773	37.9
2019	29.9	31.3	34	23.0	7,919	26.3
2020	30.4	--	91	31.2	14,708	32.2
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	159	100.0	31,044	100.0
2019	100.0	100.0	148	100.0	30,077	100.0
2020	100.0	--	292	100.0	45,738	100.0
<i>Source: 2018, 2019 & 2020 D&B Data; Bank Data; 2018, 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, adequate penetration among retail customers of different income levels and business customers of different size in the AA. This conclusion is supported by adequate home mortgage and small business lending performance.

Home Mortgage Loans

The distribution of borrowers reflects good penetration among borrowers of different income levels. Lending to low-income borrowers in 2018 was below aggregate; however, lending

increased significantly in 2019 and was well above aggregate, coming almost in line with demographic data. Lending to moderate income borrowers was on par with demographics and aggregate in 2018. While lending to these borrowers fell slightly in 2019, aggregate data also declined slightly over the same period, reflecting some shrinkage in lending opportunity to these borrowers in the AA overall. See the following table.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Boise City MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	18.9	6.1	8	4.5	685	1.6
2019	18.9	5.3	31	17.4	1,039	2.8
Moderate						
2018	18.6	19.9	34	19.3	3,956	9.0
2019	18.6	18.2	29	16.3	4,006	10.9
Middle						
2018	21.8	24.9	29	16.5	4,557	10.4
2019	21.8	25.0	25	14.0	4,003	10.9
Upper						
2018	40.7	40.6	97	55.1	22,763	51.8
2019	40.7	40.8	80	44.9	19,627	53.2
Not Available						
2018	0.0	8.6	8	4.5	12,025	27.3
2019	0.0	10.8	13	7.3	8,203	22.2
Totals						
2018	100.0	100.0	176	100.0	43,985	100.0
2019	100.0	100.0	178	100.0	36,878	100.0

*Source: 2015 ACS; Bank Data, 2018 & 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

BB's lending to small businesses in the AA was stable and trailed aggregate data in 2018 and 2019. The percentage of lending to small businesses in 2020 was skewed by the influx of loans without reported incomes; however, the ratio of loans originated to businesses with GARs of \$1 million or less to businesses with GARs of greater than \$1 million, at 51.0 percent, is slightly better than that of prior years. Further, a significant majority of the loans reported as revenue not available were PPP loans, which were particularly impactful to many small businesses in the AA. Considering all factors, overall lending to small businesses is adequate.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Boise City MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	85.3	48.0	64	40.3	9,930	32.0
2019	88.1	49.0	62	41.9	9,634	32.0
2020	90.2	--	52	17.8	9,146	20.0
>1,000,000						
2018	5.0	--	95	59.7	21,114	68.0
2019	3.9	--	85	57.4	20,438	68.0
2020	3.1	--	50	17.1	14,221	31.1
Revenue Not Available						
2018	9.7	--	0	0.0	0	0.0
2019	8.0	--	1	0.7	5	0.0
2020	6.7	--	190	65.1	22,371	48.9
Totals						
2018	100.0	100.0	159	100.0	31,044	100.0
2019	100.0	100.0	148	100.0	30,077	100.0
2020	100.0	--	292	100.0	45,738	100.0

Source: 2018, 2019 & 2020 D&B Data; Bank Data; 2018, 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%

Community Development Loans

BB is a leader in making CD loans in the Boise City MSA AA; see the following table. CD lending in the AA increased significantly from the prior evaluation, where BB originated 2 loans totaling \$900,000. Of the total, 3 loans totaling \$4.2 million were originated through the PPP and the majority of CD lending dollars supported economic development, an identified CD need in the AA. These factors demonstrate BB's responsiveness.

Community Development Lending by Year and Purpose										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017	-	-	-	-	-	-	-	-	-	-
2018	1	1,000	-	-	-	-	1	4,400	2	5,400
2019	3	8,520	-	-	2	17,000	-	-	5	25,520
2020	-	-	-	-	1	1,138	2	3,095	3	4,233
2021 YTD	-	-	-	-	-	-	-	-	-	-
Total	4	9,520	-	-	3	18,138	3	7,495	10	35,153

Source: Bank Data

The following are examples of CD loans made in the AA during the review period.

- In 2019, the bank participated in two loans, totaling \$17.0 million, to construct a facility that will build modular homes for low-income households. The loans were particularly impactful to the AA as they will ultimately support both economic development through the creation and retention of jobs and affordable housing through the addition of affordable housing stock once the facility begins operations.
- In 2019, the bank originated a \$6.1 million LIHTC program loan for the construction of a 50-apartment complex in which the majority of units will be restricted to low-income residents.
- In 2018, the bank originated a \$4.4 million loan to revitalize the downtown area of a city in the AA. The area is located in a moderate-income tract.

INVESTMENT TEST

Investment Test performance in the Boise City MSA AA is consistent with Idaho conclusions.

Investment and Grant Activity

BB has an adequate level of qualified CD investments and grants; see the following table. The only investment activity in the AA is prior period, with no new monies invested in the AA during the current review period. Performance decreased since the prior evaluation, where investment and grants totaled \$6.2 million during a shorter review period—considered a relatively high level of activity. However, BB’s performance is generally in line with peer institutions operating in the AA.

Qualified Investments by Year and Purpose										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	1	1,097	-	-	-	-	1	1,097
2017	-	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-
2021 YTD	-	-	-	-	-	-	-	-	-	-
Subtotal	-	-	1	1,097	-	-	-	-	1	1,097
Qualified Grants & Donations	8	23	6	26	1	4	-	-	15	53
Total	8	23	7	1,123	1	4	-	-	16	1,150

Source: Bank Data

The following are examples of the institution’s CD donations in the AA.

- In 2020, the bank promoted affordable housing by donating \$5,000 to an organization that provides affordable rental units and housing services to LMI families in the AA.

- In 2018, the bank promoted economic development by donating \$4,000 to a CDFI. The funds were used to provide capital to local small businesses.

Responsiveness to Credit and Community Development Needs

BB exhibits adequate responsiveness to credit and CD needs in the AA. Refer to the rated area for detail.

Community Development Initiatives

The bank did not use innovative and/or complex investments to support CD initiatives in the AA; refer to overall conclusions for detail.

SERVICE TEST

Service Test performance in the Boise City AA is consistent with Idaho conclusions.

Accessibility of Delivery Systems

Service delivery systems are accessible to essentially all portions of the AA. BB operates four full-service branches and four ATMs in the AA. One, or 25.0 percent, of the bank's branches are located in low-income tracts, which is slightly above to the 20.4 percent of branches operated in these geographies by other institutions in the AA and above the percentage of low-income households and families in the area. One, or 25.0 percent, of the bank's branches are located in moderate-income tracts, which is generally in line with households, families, and businesses in the AA and slightly below the 32.3 percent of branches other institutions operate in these geographies.

Of the remaining branches, one is located in a middle- and one is located in an upper-income tract. Mapping of branch locations did not indicate arbitrary exclusion of any specific LMI areas in the AA and demonstrated that the two branches in middle- or upper-income areas are generally proximate to LMI geographies, improving accessibility for LMI individuals in the AA. Refer to bankwide section for discussion of alternative delivery systems, which further bolster accessibility of delivery systems in the AA.

Changes in Branch Locations

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. The bank did not open any branches in the AA during the review period, but did close a branch in a moderate-income tract. While the closure impacted LMI geographies somewhat, mapping of the closure demonstrates the proximity of the closure to existing branch locations, generally mitigating any impact to LMI individuals.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and/or individuals. Refer to bankwide discussion for detail.

Community Development Services

BB provides a relatively high level of CD services to the Boise City MSA AA; see the following table. Total hours consisted of 120 instances of service to 12 different CD organizations in the AA. Performance increased since the prior evaluation, where bank employees provided 44 instances of service totaling 114 hours. The increase in performance is primarily attributable to a longer review period; however, BB's level of service hours provided to the AA compares favorably to peer institutions.

Community Development Services by Year and Purpose					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	# Hours	# Hours	# Hours	# Hours	# Hours
2017	-	-	-	-	-
2018	25	72	-	-	97
2019	17	125	-	-	142
2020	18	18	-	-	36
2021 YTD	3	-	-	-	3
Total	63	215	-	-	278

Source: Bank Data

The following are examples of services provided by BB employees during the review period.

- From 2018 to 2021, a bank employee supported affordable housing initiatives in the AA by serving 50 hours on the Board of an organization with a mission to provide affordable housing to underserved populations of the AA.
- In 2020, an employee promoted community service by serving four hours on a committee for an organization that provides training to youth from LMI families in the AA.
- From 2018 to 2019, a bank employee promoted community service by contributing five hours as an instructor for financial education classes for LMI unbanked populations in the AA.

OTHER ASSESSMENT AREAS – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE ASSESSMENT AREAS

Conclusions for the three Idaho AAs reviewed using limited-scope examination procedures are summarized in the below table. Examiners drew conclusions regarding the institution’s CRA performance from reviewing available facts and data, including performance figures, aggregate lending data comparisons, and demographic information. The conclusions inconsistent with the Idaho rated area did not alter the bank’s overall performance rating.

Assessment Area	Lending Test	Investment Test	Service Test
Coeur d’Alene MSA	Below	Consistent	Below
Idaho Non-MSA	Below	Above	Consistent
Twin Falls MSA	Below	Above	Above

Facts and data supporting conclusions for each limited-scope AA follow, beginning with a summary of the institution’s operations and activities, followed by geographic distribution and borrower profile tables by loan type. Description of the limited scope AAs, including changes to individual AAs, demographic data, and market share information are included in an appendix.

Coeur d’Alene MSA

The AA consists of Kootenai County. Branch distribution is below bank performance

Activity	#	\$(000s)
Small Business Loans	106	14,051
Home Mortgage Loans	89	20,718
CD Loans	-	-
CD Investments (New)	-	-
CD Investments (Prior Period)	-	-
CD Donations	3	7
CD Services	19	26 hours
<i>Source: Bank Data</i>		

Idaho Non-MSA

The AA consists of Benewah, Clearwater, and Latah counties. Branch distribution is consistent with bank performance.

Activity	#	\$(000s)
Small Business Loans	309	27,996
Home Mortgage Loans	149	28,123
CD Loans	1	400
CD Investments (New)	-	-
CD Investments (Prior Period)	2	1,116
CD Donations	18	35
CD Services	67	117 hours
<i>Source: Bank Data</i>		

Twin Falls MSA

The AA consists of Twin Falls County. Branch distribution is below bank performance.

Activity	#	\$(000s)
Small Business Loans	81	12,738
Home Mortgage Loans	23	4,312
CD Loans	1	2,000
CD Investments (New)	1	1,170
CD Investments (Prior Period)	-	-
CD Donations	11	29
CD Services	61	142 hours
<i>Source: Bank Data</i>		

Geographic Distribution and Borrower Profile

2018																		
Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																		
Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Coeur d'Alene MSA	38	8,327	9,410	0.0	0.0	0.0	12.8	7.9	15.2	72.0	78.9	72.6	15.3	13.2	12.2	0.0	0.0	0.0
Idaho Non-MSA	70	11,672	3,437	0.0	0.0	0.0	3.9	1.4	3.7	81.3	87.1	84.5	14.8	11.4	11.8	0.0	0.0	0.0
Twin Falls MSA	17	3,622	3,165	0.0	0.0	0.0	2.6	0.0	3.0	84.7	88.2	86.6	12.7	11.8	10.3	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2018 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

2019																		
Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																		
Assessment Area:	Total Home Mortgage Loans			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Coeur d'Alene MSA	51	12,391	11,525	0.0	0.0	0.0	12.8	7.8	14.6	72.0	82.4	72.2	15.3	9.8	13.2	0.0	0.0	0.0
Idaho Non-MSA	79	16,451	4,210	0.0	0.0	0.0	3.9	3.8	4.6	81.3	86.1	83.5	14.8	10.1	11.9	0.0	0.0	0.0
Twin Falls MSA	6	690	3,991	0.0	0.0	0.0	2.6	0.0	3.1	84.7	50.0	87.0	12.7	50.0	9.9	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower **2018**

Assessment Area:	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Coeur d'Alene MSA	38	8,327	9,410	18.0	5.3	3.6	20.3	18.4	13.6	22.7	10.5	25.0	39.0	60.5	45.0	0.0	5.3	12.8
Idaho Non-MSA	70	11,672	3,437	18.1	4.3	2.8	17.9	14.3	12.0	21.8	17.1	20.3	42.2	62.9	54.6	0.0	1.4	10.3
Twin Falls MSA	17	3,622	3,165	18.5	11.8	4.2	18.3	0.0	18.4	22.2	23.5	24.2	41.0	52.9	41.5	0.0	11.8	11.8

Source: 2015 ACS Census; 01/01/2018 - 12/31/2018 Bank Data, 2018 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower **2019**

Assessment Area:	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Coeur d'Alene MSA	51	12,391	11,525	18.0	0.0	3.1	20.3	15.7	12.4	22.7	13.7	24.0	39.0	58.8	47.1	0.0	11.8	13.4
Idaho Non-MSA	79	16,451	4,210	18.1	2.5	2.8	17.9	7.6	10.5	21.8	17.7	19.4	42.2	68.4	56.5	0.0	3.8	10.9
Twin Falls MSA	6	690	3,991	18.5	0.0	4.7	18.3	16.7	17.8	22.2	0.0	25.1	41.0	83.3	41.3	0.0	0.0	11.2

Source: 2015 ACS Census; 01/01/2019 - 12/31/2019 Bank Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2018**

Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Coeur d'Alene MSA	20	3,930	3,562	0.0	0.0	0.0	21.9	15.0	18.8	65.2	80.0	68.2	12.9	5.0	13.0	0.0	0.0	0.0
Idaho Non-MSA	65	6,207	2,058	0.0	0.0	0.0	14.0	1.5	3.6	75.8	92.3	87.0	10.2	6.2	9.4	0.0	0.0	0.0
Twin Falls MSA	19	2,715	1,466	0.0	0.0	0.0	10.3	5.3	8.6	76.4	78.9	76.9	13.3	15.8	14.5	0.0	0.0	0.0
Total	104	12,852	7,086	0.0	0.0	0.0	17.0	4.8	12.3	70.9	87.5	75.5	12.2	7.7	12.2	0.0	0.0	0.0

Source: 2018 D&B Data; 01/01/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2019**

Assessment Area:	Total Loans to Small Businesses			Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Coeur d'Alene MSA	22	3,051	3,969	0.0	0.0	0.0	21.0	4.5	17.7	65.8	86.4	70.1	13.2	9.1	12.1	0.0	0.0	0.0
Idaho Non-MSA	78	6,596	2,131	0.0	0.0	0.0	3.0	0.0	2.5	86.5	92.3	87.2	10.5	7.7	10.3	0.0	0.0	0.0
Twin Falls MSA	13	2,061	1,468	0.0	0.0	0.0	9.6	23.1	8.5	76.8	76.9	77.2	13.6	0.0	14.3	0.0	0.0	0.0

Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography												2020
Assessment Area:	Total Loans to Small Businesses		Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Coeur d'Alene MSA	64	7,070	0.0	0.0	21.3	6.3	65.0	84.4	13.7	9.4	0.0	0.0
Idaho Non-MSA	166	15,193	0.0	0.0	0.0	0.0	78.2	91.6	21.8	8.4	0.0	0.0
Twin Falls MSA	49	7,962	0.0	0.0	9.1	8.2	76.7	61.2	14.2	30.6	0.0	0.0

Source: 2020 D&B Data; 01/01/2020 - 12/31/2020 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2018
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Coeur d'Alene MSA	20	3,930	3,562	86.6	60.0	50.8	5.2	40.0	8.1	0.0	
Idaho Non-MSA	65	6,207	2,058	84.8	67.7	56.6	4.2	32.3	11.0	0.0	
Twin Falls MSA	19	2,715	1,466	80.6	63.2	49.5	5.4	36.8	14.0	0.0	

Source: 2018 D&B Data; 01/01/2018 - 12/31/2018 Bank Data; 2018 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										2019
Assessment Area:	Total Loans to Small Businesses			Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Coeur d'Alene MSA	22	3,051	3,969	88.7	63.6	50.6	4.2	36.4	7.1	0.0
Idaho Non-MSA	78	6,596	2,131	86.7	78.2	57.3	3.7	21.8	9.6	0.0
Twin Falls MSA	13	2,061	1,468	83.5	61.5	50.3	4.5	38.5	12.0	0.0
<i>Source: 2019 D&B Data; 01/01/2019 - 12/31/2019 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>										

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues										2020
Assessment Area:	Total Loans to Small Businesses		Businesses with Revenues <= 1MM		Businesses with Revenues > 1MM		Businesses with Revenues Not Available			
	#	\$	% Businesses	% Bank Loans	% Businesses	% Bank Loans	% Businesses	% Bank Loans		
Coeur d'Alene MSA	64	7,070	91.3	28.1	3.1	3.1	5.6	68.8		
Idaho Non-MSA	166	15,193	85.2	26.5	3.6	11.4	11.2	62.0		
Twin Falls MSA	49	7,962	86.7	24.5	3.5	14.3	9.8	61.2		
<i>Source: 2020 D&B Data; 01/01/2020 - 12/31/2020 Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0</i>										

LEWISTON MULTISTATE MSA

CRA RATING FOR LEWISTON: OUTSTANDING

The Lending Test is rated: Outstanding

The Investment Test is rated: Outstanding

The Service Test is rated: High Satisfactory

DESCRIPTION OF INSTITUTION’S OPERATIONS IN LEWISTON

The Lewiston Multistate MSA AA generally located in the southeast corner of Washington, extending into west-central Idaho. The AA consists of all 6 CTs of Asotin County in Washington, and all 10 CTs of Nez Perce County in Idaho, which together form the entire Lewiston, Washington-Idaho Multistate MSA. BB did not make any changes to the AA during the review period.

Economic and Demographic Data

According to the 2015 ACS data, the Lewiston Multistate MSA AA consists of 2 moderate-, 11 middle-, and 3 upper-income CTs. Demographic data is shown in the following table.

Demographic Information of the Assessment Area						
Lewiston Multistate MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	16	0.0	12.5	68.8	18.8	0.0
Population by Geography	61,819	0.0	9.0	69.4	21.6	0.0
Housing Units by Geography	27,298	0.0	9.7	68.2	22.1	0.0
Owner-Occupied Units by Geography	17,521	0.0	7.6	67.8	24.6	0.0
Occupied Rental Units by Geography	7,916	0.0	14.5	71.0	14.5	0.0
Vacant Units by Geography	1,861	0.0	8.9	59.9	31.2	0.0
Businesses by Geography	4,061	0.0	11.8	71.1	17.1	0.0
Farms by Geography	298	0.0	4.0	68.5	27.5	0.0
Family Distribution by Income Level	16,353	18.9	20.0	22.2	38.9	0.0
Household Distribution by Income Level	25,437	22.5	17.9	18.2	41.4	0.0
Median Family Income MSA - 30300 Lewiston, ID-WA MSA		\$58,484	Median Housing Value			\$170,186
			Median Gross Rent			\$683
			Families Below Poverty Level			8.4%

*Source: 2015 ACS and 2019 D&B Data
 Due to rounding, totals may not equal 100.0%
 (*) The NA category consists of geographies that have not been assigned an income classification.*

According to Moody’s analytic data, cost of living in the AA is in line with national averages and housing affordability is below the national average but above that of Idaho. Despite a decrease in 2019, median family income in the AA generally increased over the evaluation period; see the following table.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Lewiston, ID-WA MSA Median Family Income (30300)				
2018 (\$69,200)	<\$34,600	\$34,600 to <\$55,360	\$55,360 to <\$83,040	≥\$83,040
2019 (\$63,100)	<\$31,550	\$31,550 to <\$50,480	\$50,480 to <\$75,720	≥\$75,720
2020 (\$73,900)	<\$36,950	\$36,950 to <\$59,120	\$59,120 to <\$88,680	≥\$88,680
<i>Source: FFIEC</i>				

Despite remaining below state and national averages, Nez Perce County was particularly impacted by the coronavirus pandemic—unemployment in the county nearly doubled from 2019 to 2020. Asotin County unemployment also increased in 2020, but to a lesser degree, and rates were more favorable than state and national averages for the first time during the review period. See the following table.

Unemployment Rates			
Area	2018	2019	2020
	%	%	%
Asotin County	4.3	4.1	5.2
Nez Perce County	2.7	2.7	4.9
Idaho State	2.8	2.8	5.4
Washington State	3.4	3.1	6.5
National Average	3.9	3.7	8.1
<i>Source: Bureau of Labor Statistics</i>			

According to 2019 D&B data, service industries, at 37.3 percent, represent the largest portion of non-farm business in the AA, followed by retail trade at 12.7 percent. The cost of businesses is lower than national averages, and the majority of businesses in the AA are very small—64.1 percent of businesses by number employ four or fewer employees, and 85.5 percent operate from a single location. Top employers in the AA include Clearwater Paper, Nez Perce Tribe, and Vista Outdoor.

Competition

According to the June 30, 2020 FDIC Deposit Market Share Data, 10 financial institutions operated 19 full-service branches within the Lewiston Multistate MSA AA. Of these, BB ranked 3rd, with a 16.5 percent deposit market share.

Credit and Community Development Needs and Opportunities

Considering information from bank management and demographic data, flexible small business lending is a primary credit need in the AA. Similarly, economic development support for entrepreneurs and very small businesses, particularly technical assistance and coaching, is a primary CD need in the AA. Area demographics and D&B data support these conclusions.

SCOPE OF EVALUATION – LEWISTON

A breakdown of the lending, deposit, and branch distribution of the Lewiston Multistate MSA is shown in the following table.

Breakdown of Loans, Deposits, and Branches					
Loans		Deposits		Branches	
\$(000s)	% Bank Total	\$(000s)	% Bank Total	#	% Bank Total
104,081	1.1	147,623	1.2	3	1.9
<i>Source: Reported loans 2017, 2018, 2019, and 2020; bank records; FDIC Summary of Deposits (06/30/2020)</i>					

Consistent with the overall Scope of Evaluation, home mortgage loans and small business loans were analyzed and contributed equal weight to overall conclusions. Small farm loans were also analyzed, as BB is a leader in the provision of these loans according to market share data.

CONCLUSIONS ON PERFORMANCE CRITERIA IN LEWISTON

LENDING TEST

Lending Test performance in the Lewiston Multistate MSA is rated “Outstanding.”

Lending Activity

Lending levels reflect good responsiveness to AA credit needs. Product trends in Lewiston are consistent with overall bank performance; see bankwide section for discussion. According to 2018 Peer Mortgage Data, BB ranked 12th out of the 166 reporting institutions in the AA, giving the bank a market share of 1.9 percent by number. Per 2018 Peer Small Business Data, BB ranked 4th out of 36 reporting institutions in the AA, with a market share of 8.2 percent by number. Peer Small Farm Data for 2018 ranks BB 2nd out of 11 reporting lenders with a market share of 21.2 percent by number. As of 2019 aggregate data, BB ranked 14th out of 188 home mortgage reporting lenders, 4th out of 38 small business reporting lenders, and 3rd out of 10 small farm reporting lenders in the AA, giving the bank a market share of 2.0 percent, 9.1 percent and 14.3 percent, respectively.

Geographic Distribution

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

The AA does not contain any low-income geographies; therefore, geographic distribution conclusions are based solely on BB’s performance in moderate-income CTs.

Home Mortgage Loans

BB’s home mortgage lending in moderate-income CTs is excellent; see the following table. Performance in moderate-income tracts was above aggregate in 2018 and further increased, to

nearly double peer, in 2019. Further, lending percentages for both years exceeded demographic data.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: Lewiston Multistate MSA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2018	7.6	8.4	5	13.9	326	6.8
2019	7.6	8.7	7	16.3	526	7.1
Middle						
2018	67.8	68.8	23	63.9	2,619	54.5
2019	67.8	--	22	57.9	4,569	64.9
Upper						
2018	24.6	22.9	8	22.2	1,863	38.8
2019	24.6	25.1	12	27.9	3,261	44.0
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2018	100.0	100.0	36	100.0	4,808	100.0
2019	100.0	100.0	43	100.0	7,415	100.0

*Source: 2015 ACS; Bank Data, 2018, 2019 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%*

Small Business Loans

While small business lending in moderate-income tracts was slightly below aggregate and demographics in 2018, performance increased in 2019 and remained stable into 2020. In both years, BB's lending in moderate-income tracts was comparable to demographic data and 2019 performance was comparable to peer.

The improvement in lending within moderate-income tracts from 2018 to 2019 is particularly notable, as both demographic and aggregate data declined slightly over the same period, indicating a shrinkage in opportunity for the origination of small business loans in these geographies. Overall, this performance is good.

Geographic Distribution of Small Business Loans						
Assessment Area: Lewiston Multistate MSA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2018	12.3	10.3	5	7.2	1,740	13.0
2019	11.8	9.8	9	11.1	2,411	16.2
2020	11.8	--	17	11.0	3,067	13.3
Middle						
2018	71.4	68.4	43	62.3	7,518	56.1
2019	71.1	69.6	56	69.1	9,580	64.3
2020	70.3	--	100	64.9	15,853	68.7
Upper						
2018	16.3	21.3	21	30.4	4,154	31.0
2019	17.1	20.6	16	19.8	2,911	19.5
2020	18.0	--	37	24.0	4,162	18.0
Not Available						
2018	0.0	0.0	0	0.0	0	0.0
2019	0.0	0.0	0	0.0	0	0.0
2020	0.0	--	0	0.0	0	0.0
Totals						
2018	100.0	100.0	69	100.0	13,412	100.0
2019	100.0	100.0	81	100.0	14,902	100.0
2020	100.0	--	154	100.0	23,082	100.0
<i>Source: 2017, 2018, 2019 & 2020 D&B Data; Bank Data; 2018, 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Farm Loans

BB's small farm lending in moderate-income geographies outperformed aggregate and demographics and is excellent; see the following table.

Geographic Distribution of Small Farm Loans						
Assessment Area: Lewiston Multistate MSA						
Tract Income Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
Moderate						
2019	4.0	3.1	2	14.3	645	18.8
Middle						
2019	68.5	59.2	4	28.6	985	28.8
Upper						
2019	27.5	37.8	8	57.1	1,792	52.4
Not Available						
2019	0.0	0.0	0	0.0	0	0.0
Totals						
2019	100.0	100.0	14	100.0	3,422	100.0
<i>Source: 2019 D&B Data; Bank Data; 2019 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different size. This conclusion is supported by good home mortgage and small business lending performance and excellent small farm lending performance. See the following subsections.

Home Mortgage Loans

In 2018, BB’s rate of lending to low-income borrowers was more than double aggregate performance and was just below demographic data. In 2019, the bank’s performance declined, but remained well above the aggregate level. Performance of lending to moderate-income borrowers in both 2018 and 2019 was comparable to peer. Overall, this performance is good.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: Lewiston Multistate MSA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2018	18.9	7.8	6	16.7	397	8.2
2019	18.9	4.3	3	7.0	224	3.0
Moderate						
2018	20.0	22.9	8	22.2	400	8.3
2019	20.0	16.6	7	16.3	466	6.3
Middle						
2018	22.2	28.4	1	2.8	192	4.0
2019	22.2	24.4	7	16.3	559	7.5
Upper						
2018	38.9	29.9	19	52.8	3,723	77.4
2019	38.9	39.4	22	51.2	5,298	71.4
Not Available						
2018	0.0	11.0	2	5.6	97	2.0
2019	0.0	15.3	4	9.3	869	11.7
Totals						
2018	100.0	100.0	36	100.0	4,808	100.0
2019	100.0	100.0	43	100.0	7,415	100.0
<i>Source: 2015 ACS; Bank Data, 2017 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

BB’s lending to small businesses compared favorably to peer and was only slightly below demographic data in 2018. While lending to small businesses declined in 2019, performance was in line with aggregate data.

The bank’s 2020 performance was significantly skewed due to the influx of loans reported without revenues. The ratio of loans to businesses reporting revenues of \$1 million or less to those reporting revenues greater than \$1 million is slightly below that of prior years; however, the majority of the loans reported without revenues were originated through the PPP program, which was particularly impactful to many small businesses in the AA. Overall, performance is good.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Assessment Area: Lewiston Multistate MSA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2018	79.0	57.8	45	65.2	7,139	53.2
2019	80.7	56.2	44	54.3	4,993	33.5
2020	82.5	--	24	15.6	4,286	18.6
>1,000,000						
2018	5.8	--	24	34.8	6,273	46.8
2019	5.2	--	36	44.4	9,891	66.4
2020	4.6	--	27	17.5	9,353	40.5
Revenue Not Available						
2018	15.2	--	0	0.0	0	0.0
2019	14.1	--	1	1.2	18	0.1
2020	12.9	--	103	66.9	9,443	40.9
Totals						
2018	100.0	100.0	69	100.0	13,412	100.0
2019	100.0	100.0	81	100.0	14,902	100.0
2020	100.0	100.0	154	100.0	23,082	100.0
<i>Source: 2017, 2018, 2019, & 2020 D&B Data; Bank Data; 2019 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Farm Loans

In 2019, the bank’s record of lending to small farms was well above aggregate, even coming within range of demographic data. This performance is excellent; see the following table.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Assessment Area: Lewiston Multistate MSA						
Gross Revenue Level	% of Farms	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000						
2019	96.0	65.3	12	85.7	2,922	85.4
>1,000,000						
2019	2.3	--	2	14.3	500	14.6
Revenue Not Available						
2019	1.7	--	0	0.0	0	0.0
Totals						
2019	100.0	100.0	14	100.0	3,422	100.0

Source: 2017, 2018, 2019, & 2020 D&B Data; Bank Data; 2017 CRA Aggregate Data; "--" data not available.
Due to rounding, totals may not equal 100.0%

Community Development Loans

BB made an adequate level of CD loans in the Lewiston Multistate MSA. CD lending increased from the prior evaluation, where BB did not originate any CD loans in the rated area. The majority of CD lending dollars is attributable to the 2020 loan, see the following table. This loan was originated through the PPP and helped retain employees in a designated disaster area.

Community Development Lending by Year and Purpose										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2017	-	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-	-
2019	-	-	2	23	-	-	-	-	2	23
2020	-	-	-	-	-	-	1	1,826	1	1,826
2021 YTD	-	-	-	-	-	-	-	-	-	-
Total	-	-	2	23	-	-	1	1,826	3	1,850

Source: Bank Data

The remaining CD loans originated in the AA were made to the same organization, which provides community services to low-income disadvantaged or disabled individuals in the AA. The loans financed the acquisition of equipment necessary to carry out the organization's mission.

INVESTMENT TEST

Investment Test performance in the Lewiston Multistate MSA is rated "Outstanding."

Investment and Grant Activity

The institution has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors. The 2021 investment represents the new monies invested in the AA during the review period. The

investment, a bond, promoted economic development through the creation of 20 new jobs to construct and operate a correctional facility in the AA.

Performance more than doubled from the prior evaluation, where CD investments and grants totaled \$1.6 million, and compares favorably to peer institutions operating in the AA.

Qualified Investments by Year and Purpose										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	2	1,668	-	-	-	-	2	1,668
2017	-	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-
2021 YTD	-	-	-	-	1	2,850	-	-	1	2,850
Subtotal	-	-	2	1,668	1	2,850	-	-	3	4,518
Qualified Grants & Donations	-	-	10	35	-	-	-	-	10	35
Total	-	-	12	1,703	1	2,850	-	-	13	4,553

Source: Bank Data

The following are examples of the institution’s CD donations in the AA.

- In 2019, the bank promoted community service by donating \$10,000 to a local community center’s scholarship fund created for low-income families in the AA.
- In 2018, the bank promoted community service by donating \$3,000 to an organization that provides emergency shelter and services to LMI individuals in the AA.

Responsiveness to Credit and Community Development Needs

BB exhibits good responsiveness to credit and CD needs in the Lewiston Multistate MSA AA. A third of total investment dollars were prior period, which is less responsive than new monies invested in the AA during the review period. However, the entirety of new investment dollars promoted economic development—an identified CD need of the AA.

Community Development Initiatives

The bank did not use innovative and/or complex investments to support CD initiatives in the Lewiston Multistate MSA; refer to overall conclusions for detail.

SERVICE TEST

Service Test performance in the Lewiston Multistate MSA is rated “High Satisfactory.”

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the AA. BB operates 3 full-service branches and 3 ATMs in the AA. One of the branches in the AA is located in a moderate-income tract and the other two branches, located in middle- and upper- income tracts,

respectively, are directly proximate to the single LMI geography cluster in the AA, providing full coverage to LMI geographies and individuals. Refer to bankwide section for discussion of alternative delivery systems.

Changes in Branch Locations

The institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals, as the bank did not open or close any branches in the AA during the review period.

Reasonableness of Business Hours and Services

Business hours and services do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and/or individuals. Refer to bankwide discussion for detail.

Community Development Services

BB provides a relatively high level of CD services in Lewiston Multistate MSA. Total service hours provided by bank employees consisted of 105 instances of service to 10 different CD organizations in the AA. Performance doubled since the prior evaluation, where employees provided 31 instances of service totaling 104 hours. The majority of service hours supported various community service initiatives—a CD need identified by community contact information. BB’s level of service hours provided in the AA compares favorably to peer institutions.

Community Development Services by Year and Purpose					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	# Hours	# Hours	# Hours	# Hours	#
2017	-	14	-	-	14
2018	-	64	18	-	82
2019	-	63	29	-	92
2020	-	73	12	-	85
2021 YTD	-	3	-	-	3
Total	-	217	59	-	276
<i>Source: Bank Data</i>					

The following are examples of CD services provided by bank employees during the review period.

- In 2020, a bank employee promoted community service by serving 12 hours on the Board of an organization that provides assistance individuals with disabilities, the majority of which are LMI.
- From 2018 to 2020, two bank employees contributed a total of 45 hours serving on the Board of an economic development organization that provides services to small businesses in the AA.
- From 2018 to 2019, a bank employee supported community services by contributing six hours as an instructor of first-time homebuyer and money basics classes to LMI individuals in the AA.

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, innovativeness, and responsiveness to community development needs; 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

Banner Bank	
<p>Scope of Examination: Full scope reviews were performed on the following assessment areas within the noted rated areas:</p> <p style="margin-left: 40px;">State of Washington: Seattle-Tacoma CSA Assessment Area Kennewick-Richland-Walla Wall CSA Assessment Area</p> <p style="margin-left: 40px;">State of Oregon: Oregon Non-MSA Assessment Area Kennewick-Richland-Walla Wall CSA Assessment Area</p> <p style="margin-left: 40px;">State of California: Los Angeles-Long Beach CSA Assessment Area Portland-Vancouver-Hillsboro Multistate MSA Assessment Area</p> <p style="margin-left: 40px;">State of Idaho: Boise City MSA Assessment Area Lewiston Idaho-Washington Multistate MSA Assessment Area</p> <p>Limited scope reviews were performed on the following assessment areas within the noted rated areas:</p> <p style="margin-left: 40px;">State of Washington: Bellingham MSA Assessment Area Spokane-Spokane Valley MSA Assessment Area Washington Non-MSA Assessment Area Wenatchee MSA Assessment Area Yakima MSA Assessment Area</p> <p style="margin-left: 40px;">State of Oregon: Eugen-Springfield MSA Assessment Area Medford-Grants Pass CSA Assessment Area</p> <p style="margin-left: 40px;">State of California: California Non-MSA AA Chico MSA AA Redding-Red Bluff CSA AA Sacramento-Roseville CSA AA San Diego-Chula Vista-Carlsbad MSA AA Santa Rosa-Petaluma MSA AA</p> <p style="margin-left: 40px;">State of Idaho: Coeur d’Alene MSA AA Idaho Non-MSA AA Twin Falls MSA AA</p>	
Time Period Reviewed:	11/27/2017 to 03/31/2021
<p>Products Reviewed: Home Mortgage: 01/01/2017 – 12/31/2020 Small Business: 01/01/2017 – 12/31/2020 Small Farm: 01/01/2017 – 12/31/2020 (Oregon Non-MSA AA and Lewiston Multistate MSA only)</p>	

List of Assessment Areas and Type of Evaluation			
Rated Area/ Assessment Area	Type of Evaluation	Branches Visited	Other Information
Washington:			
Seattle-Tacoma CSA	Full-scope	None	None
Kennewick-Richland-Walla Walla CSA	Full-scope	None	None
Bellingham MSA	Limited-scope	None	None
Spokane-Spokane Valley MSA	Limited-scope	None	None
Washington Non-MSA	Limited-scope	None	None
Wenatchee MSA	Limited-scope	None	None
Yakima MSA	Limited-scope	None	None
Oregon:			
Oregon Non-MSA	Full-scope	None	None
Eugene-Springfield MSA	Limited-scope	None	None
Medford-Grants Pass CSA	Limited-scope	None	None
Portland-Vancouver-Hillsboro Multistate MSA	Full-scope	None	None
California:			
Los Angeles-Long Beach CSA	Full-scope	None	None
California Non-MSA	Limited-scope	None	None
Chico MSA	Limited-scope	None	None
Redding-Red Bluff CSA	Limited-scope	None	None
Sacramento-Roseville CSA	Limited-scope	None	None
San Diego-Chula Vista-Carlsbad MSA	Limited-scope	None	None
Santa Rosa-Petaluma MSA	Limited-scope	None	None
Idaho:			
Boise City MSA	Full Scope	None	None
Coeur d'Alene MSA	Limited-scope	None	None
Idaho Non-MSA	Limited-scope	None	None
Twin Falls MSA	Limited-scope	None	None
Lewiston Multistate MSA	Full Scope	None	None

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Investment Test	Service Test	Rating
Washington	Outstanding	Outstanding	High Satisfactory	Outstanding
Oregon	Outstanding	Outstanding	High Satisfactory	Outstanding
California	Outstanding	Outstanding	High Satisfactory	Outstanding
Portland-Vancouver-Hillsboro MSA	Outstanding	Outstanding	High Satisfactory	Outstanding
Idaho	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
Lewiston Idaho-Washington MSA	Outstanding	Outstanding	High Satisfactory	Outstanding

DESCRIPTION OF LIMITED-SCOPE AAS

WASHINGTON

Bellingham MSA

The AA is located in the northwest corner of Washington and includes all of Whatcom County, which comprises the Bellingham MSA. There were no changes to the AA during the review period. The AA consists of 1 low-, 2 moderate-, 25 middle-, and 5 upper-income CTs, as well as a single CT without an income designation.

Demographic Information of the AA						
Bellingham MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	34	2.9	5.9	73.5	14.7	2.9
Population by Geography	207,100	3.4	7.5	74.3	14.0	0.8
Housing Units by Geography	91,911	3.5	6.7	74.8	14.0	1.0
Owner-Occupied Units by Geography	50,359	1.0	4.1	77.8	17.0	0.1
Occupied Rental Units by Geography	29,408	8.5	13.1	65.0	10.7	2.6
Vacant Units by Geography	12,144	1.8	1.8	85.8	9.7	0.9
Businesses by Geography	18,877	1.7	5.4	72.5	14.8	5.6
Farms by Geography	993	1.3	2.1	82.1	14.4	0.1
Family Distribution by Income Level	49,259	20.8	17.1	22.5	39.6	0.0
Household Distribution by Income Level	79,767	25.4	15.8	17.0	41.9	0.0
Median Family Income MSA - 13380 Bellingham, WA MSA	\$68,376		Median Housing Value			\$276,439
			Median Gross Rent			\$938
			Families Below Poverty Level			10.1%
<i>Source: 2015 ACS and 2019 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>						

According to the June 30, 2020, FDIC Deposit Market Share Data, 14 financial institutions operated 53 full-service branches within the AA. Of these institutions, BB ranked 7th, with a 7.6 percent deposit market share.

According to peer mortgage data, in 2018, 303 lenders reported 10,737 home mortgage loans originated or purchased. BB ranked 13th out of this group of lenders, with a market share of 2.3 percent by number of loans. In 2019, BB ranked 12th, with a market share of 2.3 percent by number, among 353 lenders who reported 13,909 home mortgage loans originated or purchased.

According to peer small business data, in 2018, 59 lenders reported 4,888 small business loans originated or purchased. BB ranked 10th out of this group of lenders, with a market share of 2.5

percent by number. In 2019, the bank also ranked 10th, with a market share of 3.0 percent by number, among 61 lenders who reported 5,204 small business loans originated or purchased.

Spokane-Spokane Valley MSA

The AA is located in eastern Washington, on the border with Idaho, and includes all 105 CTs of Spokane County and all 12 CTs of Stevens County, which together comprise the Spokane-Spokane Valley MSA. There were no changes to the AA during the review period. This AA consists of 1 low-, 34 moderate-, 56 middle-, and 25 upper-income tracts, as well as a single CT with no income designation.

Demographic Information of the AA						
Spokane-Spokane Valley MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	117	0.9	29.1	47.9	21.4	0.9
Population by Geography	524,380	0.6	27.0	45.2	26.4	0.8
Housing Units by Geography	226,646	0.5	28.4	44.9	24.9	1.2
Owner-Occupied Units by Geography	132,361	0.1	20.7	47.5	31.4	0.3
Occupied Rental Units by Geography	74,789	1.3	39.8	41.0	15.3	2.6
Vacant Units by Geography	19,496	0.5	37.1	42.6	17.7	2.1
Businesses by Geography	36,887	2.9	32.3	39.8	24.1	0.9
Farms by Geography	1,633	0.6	18.7	49.3	31.4	0.0
Family Distribution by Income Level	132,039	20.7	17.1	22.1	40.1	0.0
Household Distribution by Income Level	207,150	24.4	16.5	17.3	41.8	0.0
Median Family Income MSA - 44060 Spokane-Spokane Valley, WA MSA		\$62,064	Median Housing Value			\$189,335
			Median Gross Rent			\$779
			Families Below Poverty Level			10.5%
<i>Source: 2015 ACS and 2019 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>						

According to the June 30, 2020, FDIC Deposit Market Share Data, 16 financial institutions operated 105 full-service branches within the AA. Of these, BB ranked 7th, with an 8.6 percent deposit market share.

According to 2018 and 2019 Peer Mortgage Data: in 2018, 436 lenders reported 33,469 home mortgage loans originated or purchased. BB ranked 15th out of this group, with a market share of 1.9 percent by number. In 2019, BB ranked 16th, with a market share of 1.7 percent by number, among 438 lenders reporting 40,917 home mortgage loans originated or purchased.

According to 2018 and 2019 Peer Small Business Data: in 2018, 69 lenders reported 9,098 small business loans originated or purchased. BB ranked 9th out of this group of lenders, with a market share of 4.2 percent by number. In 2019, the bank also ranked 9th, with a market share of 3.8

percent by number, among 70 lenders reporting 9,629 small business loans originated or purchased.

Washington Non-MSA

The AA is located in central and eastern Washington and includes: all 16 CTs of Grant County; all 4 CTs of Lincoln County; all 10 CTs of Whitman County; the only CT of Columbia County; and all 5 CTs of San Juan County. As discussed, Columbia County was re-designated as a non-MSA county in 2019. San Juan County was added to the AA in 2021; however, as 2021 activity is not discussed in the lending test, the county is excluded from the below demographic data. The AA consists of 3 low-, 2 moderate-, 24 middle-, and 6 upper-income tracts, as well as a single CT with no income designation. Of the total, 20 of middle-income tracts, in Grant, Lincoln, and Whitman counties, are designated as distressed or underserved non-metropolitan geographies.

Demographic Information of the AA Washington Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	36	8.3	5.6	66.7	16.7	2.8
Population by Geography	169,115	9.1	11.7	62.3	16.9	0.0
Housing Units by Geography	76,672	4.4	9.7	67.2	18.7	0.0
Owner-Occupied Units by Geography	36,308	1.2	3.8	73.9	21.1	0.0
Occupied Rental Units by Geography	25,213	10.5	18.0	54.8	16.6	0.0
Vacant Units by Geography	15,151	1.9	10.2	71.7	16.2	0.0
Businesses by Geography	13,041	2.9	4.5	72.7	19.9	0.0
Farms by Geography	2,049	0.5	6.4	78.1	15.0	0.0
Family Distribution by Income Level	39,340	21.1	18.1	20.5	40.3	0.0
Household Distribution by Income Level	61,521	25.6	16.4	17.0	41.0	0.0
Median Family Income Non-MSAs - WA		\$58,240	Median Housing Value			\$220,185
			Median Gross Rent			\$726
			Families Below Poverty Level			11.7%
<i>Source: 2015 ACS and 2020 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>						

According to the June 30, 2020, FDIC Deposit Market Share Data, 16 financial institutions operated 54 full-service branches within the AA. Of these, BB ranked 4th with a 9.3 percent deposit market share.

According to 2018 and 2019 Peer Mortgage Data: in 2018, 292 lenders reported 5,742 home mortgage loans originated or purchased. BB ranked 11th out of this group, with a market share of 2.8 percent by number. In 2019, the bank ranked 8th, with a market share of 2.9 percent by number, among 300 lenders reporting 6,822 home mortgage loans originated or purchased.

According to 2018 and 2019 Peer Small Business Data: in 2018, 49 lenders reported 2,608 small business loans originated or purchased. BB ranked 7th out of this group, with a market share of 5.0 percent by number. In 2019, the bank ranked 8th, with a market share of 4.6 percent by number, among 48 lenders reporting 2,773 small business loans originated or purchased.

Wenatchee MSA

The AA is located in central Washington and includes all 14 CTs of Chelan County and all 8 CTs of Douglas County, which together form the Wenatchee MSA. There were no changes to the AA during the review period. The AA consists of 3 moderate-, 16 middle-, and 3 upper-income tracts.

Demographic Information of the AA						
Wenatchee MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	22	0.0	13.6	72.7	13.6	0.0
Population by Geography	113,866	0.0	15.2	78.0	6.9	0.0
Housing Units by Geography	52,098	0.0	12.8	81.2	6.0	0.0
Owner-Occupied Units by Geography	27,968	0.0	12.3	78.4	9.3	0.0
Occupied Rental Units by Geography	13,296	0.0	20.4	76.7	2.9	0.0
Vacant Units by Geography	10,834	0.0	4.9	93.8	1.4	0.0
Businesses by Geography	7,388	0.0	20.2	71.1	8.8	0.0
Farms by Geography	822	0.0	14.4	77.0	8.6	0.0
Family Distribution by Income Level	29,146	19.1	19.1	22.3	39.6	0.0
Household Distribution by Income Level	41,264	22.6	16.8	20.0	40.6	0.0
Median Family Income MSA-48300 Wenatchee, WA MSA		\$60,276	Median Housing Value			\$238,515
			Median Gross Rent			\$807
			Families Below Poverty Level			9.9%
<i>Source: 2015 ACS and 2019 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>						

According to the June 30, 2020, FDIC Deposit Market Share Data, 12 financial institutions operated 32 full-service branches within the AA. Of these, BB ranked 5th, with a 5.4 percent deposit market share.

According to 2018 and 2019 Peer Mortgage Data: in 2018, 281 lenders reported 5,989 home mortgage loans originated or purchased. BB ranked 3rd out of this group, with a market share of 5.1 percent by number. In 2019, the bank ranked 4th, with a market share of 5.1 percent by number, among 300 lenders reporting 7,413 home mortgage loans originated or purchased.

According to 2018 and 2019 Peer Small Business Data: in 2018, 44 lenders reported 2,423 small business loans originated or purchased. BB ranked 14th out of this group, with a market share of

2.1 percent by number. In 2019, the bank also ranked 14th, with a market share of 1.7 percent by number, among 46 lenders reporting 2,691 small business loans.

Yakima MSA

The AA is located in south-central Washington and includes all of Yakima County, which itself comprises the Yakima MSA. There were no changes to the AA during the review period. The AA consists of 13 moderate-, 19 middle-, and 13 upper-income CTs.

Demographic Information of the AA						
Yakima MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	45	0.0	28.9	42.2	28.9	0.0
Population by Geography	247,408	0.0	28.5	42.6	28.9	0.0
Housing Units by Geography	86,208	0.0	23.9	42.3	33.8	0.0
Owner-Occupied Units by Geography	49,969	0.0	17.6	41.2	41.3	0.0
Occupied Rental Units by Geography	30,003	0.0	35.1	45.0	19.9	0.0
Vacant Units by Geography	6,236	0.0	20.0	38.7	41.3	0.0
Businesses by Geography	11,730	0.0	28.4	39.4	32.2	0.0
Farms by Geography	1,169	0.0	8.3	56.4	35.3	0.0
Family Distribution by Income Level	57,541	20.2	18.1	20.6	41.1	0.0
Household Distribution by Income Level	79,972	22.0	17.4	19.5	41.1	0.0
Median Family Income MSA - 49420 Yakima, WA MSA		\$49,907	Median Housing Value			\$154,614
			Median Gross Rent			\$787
			Families Below Poverty Level			16.5%
<i>Source: 2015 ACS and 2019 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>						

According to the June 30, 2020, FDIC Deposit Market Share Data, 15 financial institutions operated 48 full-service branches within the AA. Of these, BB ranked 3rd, with a 16.2 percent deposit market share.

According to 2018 and 2019 Peer Mortgage Data: in 2018, 277 lenders reported 9,033 home mortgage loans originated or purchased. BB ranked 9th out of this group, with a market share of 3.5 percent by number. In 2019, the bank ranked 7th, with a market share of 3.4 percent by number, among 303 lenders reporting 9,998 home mortgage loans originated or purchased.

According to 2018 and 2019 Peer Small Business Data: in 2018, 55 lenders reported 3,366 small business loans originated or purchased. BB ranked 5th out of this group, with a market share of

8.0 percent by number. In 2019, the bank ranked 7th, with a market share of 6.0 percent by number, among 57 lenders reporting 3,599 small business loans originated or purchased.

OREGON

Eugene-Springfield MSA

The AA is located in west-central Oregon, along the coastline, and includes all of Lane County, comprises the entirety of the Eugene-Springfield MSA. There were no changes to the AA during the review period. The AA consists of 3 low-, 18 moderate-, 45 middle-, and 20 upper-income tracts, as well as a single CT with no income designation.

Demographic Information of the AA						
Eugene-Springfield MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	87	3.4	20.7	51.7	23.0	1.1
Population by Geography	357,060	4.5	20.3	53.5	21.7	0.0
Housing Units by Geography	157,510	4.6	21.1	54.4	19.9	0.0
Owner-Occupied Units by Geography	85,785	0.8	16.9	57.2	25.0	0.0
Occupied Rental Units by Geography	60,450	9.6	26.8	50.2	13.4	0.0
Vacant Units by Geography	11,275	6.6	22.2	55.2	16.0	0.0
Businesses by Geography	30,557	5.4	23.7	48.4	22.5	0.0
Farms by Geography	1,273	1.6	14.5	54.3	29.6	0.0
Family Distribution by Income Level	86,645	21.4	17.8	20.5	40.3	0.0
Median Family Income MSA - 21660 Eugene-Springfield, OR MSA		\$57,766	Median Housing Value			\$227,588
			Median Gross Rent			\$863
			Families Below Poverty Level			11.8%
<i>Source: 2015 ACS and 2019 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>						

According to the June 30, 2020, FDIC Deposit Market Share Data, 13 financial institutions operated 71 full-service branches within the AA. Of these, BB ranked 5th, with a 7.6 percent deposit market share.

According to 2018 and 2019 Peer Mortgage Data: in 2018, 374 lenders reported 18,954 home mortgage loans originated or purchased. BB ranked 21st out of this group, with a market share of 1.4 percent by number. In 2019, the bank ranked 20th, with a market share of 1.4 percent by number, among 380 lenders reporting 22,126 home mortgage loans originated or purchased.

According to 2018 and 2019 Peer Small Business Data: in 2018, 67 lenders reported 6,962 small business loans originated or purchased. BB ranked 10th out of this group, with a market share of 2.3 percent by number. In 2019, the bank also ranked 10th, with a market share of 2.5 percent by number, among 69 lenders reporting 6,800 small business loans originated or purchased.

Medford-Grants Pass CSA

This AA is generally located in southwestern Oregon and includes all 41 CTs of Jackson County and all 16 CTs of Josephine County, which together form the Medford-Grants Pass CSA. There were no changes to the AA during the review period. The AA consists of 1 low-, 10 moderate-, 33 middle-, and 13 upper-income tracts.

Demographic Information of the AA						
Medford-Grants Pass CSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	57	1.8	17.5	57.9	22.8	0.0
Population by Geography	291,772	0.7	15.5	59.5	24.3	0.0
Housing Units by Geography	129,810	0.7	15.4	59.5	24.4	0.0
Owner-Occupied Units by Geography	74,665	0.1	10.6	61.2	28.1	0.0
Occupied Rental Units by Geography	43,349	1.7	23.1	57.0	18.1	0.0
Vacant Units by Geography	11,796	0.6	17.9	57.1	24.4	0.0
Businesses by Geography	29,770	4.1	16.6	56.0	23.3	0.0
Farms by Geography	1,577	1.2	8.6	66.7	23.5	0.0
Family Distribution by Income Level	75,464	20.6	18.5	19.6	41.2	0.0
Median Family Income MSA - 24420 Grants Pass, OR MSA		\$46,452	Median Housing Value			\$221,933
Median Family Income MSA - 32780 Medford, OR MSA		\$53,441	Median Gross Rent			\$886
			Families Below Poverty Level			13.7%
<i>Source: 2015 ACS and 2019 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>						

According to the June 30, 2020, FDIC Deposit Market Share Data, 12 financial institutions operated 78 full-service branches within the AA. Of these, BB ranked 5th with a 7.3 percent deposit market share.

According to 2018 and 2019 Peer Mortgage Data: in 2018, 351 lenders reported 15,963 home mortgage loans originated or purchased. BB ranked 16th out of this group, with a market share of 1.6 percent by number. In 2019, the bank also ranked 16th, with a market share of 1.7 percent by number, among 368 lenders reporting 18,537 home mortgage loans originated or purchased.

According to 2018 and 2019 Peer Small Business Data: in 2018, 72 lenders reported 6,159 small business loans originated or purchased. BB ranked 9th out of this group, with a market share of 2.5 percent by number. In 2019, the bank ranked 8th, with a market share of 2.7 percent by number, among 76 lenders reporting 6,605 small business loans originated or purchased.

CALIFORNIA

California Non-MSA

This AA is located in northern California on the border with Oregon and includes all of Siskiyou County. There were no changes to the AA during the review period. The AA consists of one low-, six moderate-, and seven middle-income tracts. All seven middle-income tracts are designated as distressed or underserved nonmetropolitan geographies.

Demographic Information of the AA						
California Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	14	7.1	42.9	50.0	0.0	0.0
Population by Geography	43,895	9.2	25.3	65.5	0.0	0.0
Housing Units by Geography	24,002	9.0	27.1	64.0	0.0	0.0
Owner-Occupied Units by Geography	12,199	7.2	25.2	67.6	0.0	0.0
Occupied Rental Units by Geography	6,934	14.8	24.2	61.0	0.0	0.0
Vacant Units by Geography	4,869	5.1	35.9	59.0	0.0	0.0
Businesses by Geography	3,366	14.8	21.2	64.1	0.0	0.0
Farms by Geography	295	4.4	40.7	54.9	0.0	0.0
Family Distribution by Income Level	11,910	29.9	19.8	19.3	31.0	0.0
Median Family Income Non-MSAs - CA		\$56,948	Median Housing Value			\$181,802
			Median Gross Rent			\$817
			Families Below Poverty Level			17.3%
<i>Source: 2015 ACS and 2019 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>						

According to the June 30, 2020, FDIC Deposit Market Share Data, 6 financial institutions operated 18 full-service branches within the AA. Of these, BB ranked 4th, with a 14.2 percent deposit market share.

According to 2018 and 2019 Peer Mortgage Data: in 2018, 209 lenders reported 1,805 home mortgage loans originated or purchased. BB ranked 6th out of this group, with a market share of 3.6 percent by number. In 2019, the bank also ranked 6th, with a market share of 3.3 percent by number, among 203 lenders reporting 1,971 home mortgage loans originated or purchased.

According to 2018 and 2019 Peer Small Business Data: in 2018, 48 lenders reported 851 small business loans originated or purchased. BB ranked 10th out of this group, with a market share of 2.0 percent by number. In 2019, the bank ranked 11th, with a market share of 3.7 percent by number, among 47 lenders reporting 941 small business loans originated or purchased.

Chico MSA

The AA is generally located in north-central California and consists of all CTs in Butte County, which in turn comprises the Chico MSA. There were no changes to the AA during the review period. The AA consists of 2 low-, 14 moderate-, 24 middle-, and 11 upper-income tracts.

Demographic Information of the AA						
Chico MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	51	3.9	27.5	47.1	21.6	0.0
Population by Geography	222,564	3.9	26.2	46.6	23.3	0.0
Housing Units by Geography	97,133	3.9	25.0	48.1	23.0	0.0
Owner-Occupied Units by Geography	50,031	0.9	20.3	51.6	27.2	0.0
Occupied Rental Units by Geography	35,287	7.5	29.4	44.2	18.8	0.0
Vacant Units by Geography	11,815	5.6	32.1	44.5	17.8	0.0
Businesses by Geography	14,624	1.4	27.0	44.9	26.7	0.0
Farms by Geography	962	0.8	17.9	41.4	39.9	0.0
Family Distribution by Income Level	50,963	22.9	16.7	19.0	41.4	0.0
Median Family Income MSA - 17020 Chico, CA MSA		\$56,914	Median Housing Value			\$225,491
			Median Gross Rent			\$921
			Families Below Poverty Level			13.1%
<i>Source: 2015 ACS and 2019 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>						

According to the June 30, 2020, FDIC Deposit Market Share Data, 12 financial institutions operated 40 full-service branches within the AA. Of these, BB ranked last, with a 0.4 percent deposit market share.

According to 2018 and 2019 Peer Mortgage Data: 2018, 209 lenders reported 10,275 home mortgage loans originated or purchased. BB ranked 43rd out of this group, with a market share of 0.4 percent by number. In 2019, the bank ranked 75^h, with a market share of 0.2 percent by number, among 370 lenders reporting 11,549 home mortgage loans originated or purchased.

According to 2018 and 2019 Peer Small Business Data: in 2018, 71 lenders reported 4,606 small business loans originated or purchased. BB ranked 17th out of this group, with a market share of 0.5 percent by number. In 2019, the bank ranked 15th, with a market share of 0.6 percent by number, among 60 lenders reporting 4,760 small business loans originated or purchased.

Redding-Red Bluff CSA

The AA is located in north-central California and consists all 48 CTs of Shasta County and all 11 CTs of Tehama County, which are part of the Redding-Red Bluff CSA. There were no changes

to the AA during the review period. The AA consists of 14 moderate-, 32 middle-, and 13 upper-income CTs.

Demographic Information of the AA						
Redding-Red Bluff CSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	59	0.0	23.7	54.2	22.0	0.0
Population by Geography	242,094	0.0	26.4	56.1	17.5	0.0
Housing Units by Geography	105,010	0.0	26.2	57.4	16.4	0.0
Owner-Occupied Units by Geography	59,339	0.0	20.9	58.4	20.7	0.0
Occupied Rental Units by Geography	33,740	0.0	35.2	53.8	11.0	0.0
Vacant Units by Geography	11,931	0.0	26.9	63.0	10.1	0.0
Businesses by Geography	17,565	0.0	25.6	58.4	16.0	0.0
Farms by Geography	935	0.0	26.4	62.0	11.6	0.0
Family Distribution by Income Level	61,300	22.5	18.8	19.6	39.2	0.0
Median Family Income MSA - 39820 Redding, CA MSA		\$55,749	Median Housing Value			\$203,158
Median Family Income Non-MSAs - CA		\$56,948	Median Gross Rent			\$912
			Families Below Poverty Level			11.8%
<i>Source: 2015 ACS and 2019 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>						

According to the June 30, 2020, FDIC Deposit Market Share Data, 13 financial institutions operated 49 full-service branches within the AA. Of these, BB ranked 9th with a 3.5 percent deposit market share.

According to 2018 and 2019 Peer Mortgage Data: in 2018, 348 lenders reported 12,334 home mortgage loans originated or purchased. BB ranked 30th out of this group, with a market share of 0.8 percent by number. In 2019, the bank ranked 32nd, with a market share of 0.7 percent by number, among 375 lenders reporting 14,475 home mortgage loans originated or purchased.

According to 2018 and 2019 Peer Small Business Data: in 2018, 66 lenders reported 4,791 small business loans originated or purchased. BB ranked 13th out of this group, with a market share of 1.2 percent by number. In 2019, the bank ranked 12th, with a market share of 1.1 percent by number, among 74 lenders reporting 5,147 small business loans originated or purchased.

Sacramento-Roseville CSA

The AA extends west from California's elbow to central California and includes all 85 CTs of Pacer County, all 317 CTs of Sacramento County, all 126 CTs of Yolo County, and all 20 CTs of Nevada County, which are all part of the Sacramento-Roseville CSA. There were no changes to the AA during the review period. The AA consists of 44 low-, 112 moderate-, 151 middle-, and 154 upper-income tracts, as well as 2 tracts with no income designation.

Demographic Information of the AA Sacramento-Roseville CSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	463	9.5	24.2	32.6	33.3	0.4
Population by Geography	2,138,002	9.4	24.2	32.4	33.9	0.1
Housing Units by Geography	845,779	8.7	23.3	33.4	34.4	0.2
Owner-Occupied Units by Geography	451,759	4.6	18.9	33.8	42.6	0.0
Occupied Rental Units by Geography	319,283	14.4	30.4	33.2	21.5	0.4
Vacant Units by Geography	74,737	9.3	19.2	31.5	39.4	0.6
Businesses by Geography	161,851	9.0	21.6	30.0	37.5	1.9
Farms by Geography	4,134	5.3	19.1	31.6	43.5	0.5
Family Distribution by Income Level	508,722	23.8	16.5	18.2	41.5	0.0
Median Family Income MSA - 40900 Sacramento-Roseville-Folsom, CA MSA		\$71,829	Median Housing Value			\$291,908
Median Family Income Non-MSAs - CA		\$56,948	Median Gross Rent			\$1,106
			Families Below Poverty Level			11.7%
<i>Source: 2015 ACS and 2019 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>						

According to the June 30, 2020 FDIC Deposit Market Share Data, 37 financial institutions operated 363 full-service branches within the AA. Of these, BB ranked 17 with a 0.8 percent deposit market share.

According to 2018 and 2019 Peer Mortgage Data: in 2018, 708 lenders reported 128,180 home mortgage loans originated or purchased. BB ranked 106th out of this group, with a market share of 0.1 percent by number. In 2019, the bank ranked 112th, with a market share of 0.1 percent by number, among 740 lenders reporting 162,050 home mortgage loans originated or purchased.

According to 2018 and 2019 Peer Small Business Data: in 2018, 133 lenders reported 53,197 small business loans originated or purchased. BB ranked 18th out of this group, with a market share of 0.4 percent by number. In 2019, the bank also ranked 18th, with a market share of 0.4 percent by number, among 139 lenders reporting 56,611 small business loans originated or purchased.

San Diego-Chula Vista-Carlsbad MSA

The AA is located in southwestern California, along the border with Mexico, and consists of all San Diego County's CTs, which in turn make up the entire San Diego-Chula Vista-Carlsbad MSA. There have been no changes to this AA since the previous evaluation. The AA consists of 61 low-, 142 moderate-, 204 middle-, and 214 upper-income tracts, as well as 7 CTs with no income designation.

Demographic Information of the AA San Diego-Chula Vista-Carlsbad MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	628	9.7	22.6	32.5	34.1	1.1
Population by Geography	3,223,096	8.9	23.6	32.5	34.7	0.3
Housing Units by Geography	1,180,806	7.7	21.7	34.2	36.5	0.0
Owner-Occupied Units by Geography	579,079	2.8	15.1	35.5	46.6	0.0
Occupied Rental Units by Geography	515,078	13.1	28.8	32.8	25.2	0.0
Vacant Units by Geography	86,649	7.6	22.8	33.8	35.8	0.0
Businesses by Geography	289,779	5.5	14.9	34.9	44.5	0.2
Farms by Geography	5,627	3.9	17.7	37.7	40.7	0.0
Family Distribution by Income Level	731,328	23.6	16.9	17.8	41.7	0.0
Household Distribution by Income Level	1,094,157	24.8	15.7	17.1	42.4	0.0
Median Family Income MSA - 41740 San Diego-Chula Vista-Carlsbad, CA MSA		\$75,179	Median Housing Value			\$458,248
			Median Gross Rent			\$1,404
			Families Below Poverty Level			10.6%
<i>Source: 2015 ACS and 2019 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>						

According to the June 30, 2020, FDIC Deposit Market Share Data, 48 financial institutions operated 561 full-service branches within the AA. Of these, BB ranked 19th, with a 0.6 percent deposit market share.

According to 2018 and 2019 Peer Mortgage Data: in 2018, 789 lenders reported 150,172 home mortgage loans originated or purchased. BB ranked 78th out of this group, with a market share of 0.3 percent by number. In 2019, the bank also ranked 78th, with a market share of 0.2 percent by number, among 795 lenders reporting 199,456 home mortgage loans originated or purchased.

According to 2018 and 2019 Peer Small Business Data: in 2018, 170 lenders reported 100,186 small business loans originated or purchased. BB ranked 38th out of this group, with a market share of 0.2 percent by number. In 2019, the bank ranked 33rd, with a market share of 0.2 percent by number, among 162 lenders reporting 106,724 small business loans originated or purchased.

Santa Rosa-Petaluma MSA

The AA is located along the west coast in northern California and includes all of Sonoma County, which in turn comprises the Santa Rosa-Petaluma MSA. As discussed at the rated area, the AA was added in 2020. The AA consists of 24 moderate-, 53 middle-, and 22 upper-income tracts, as well as a single tract no income designation.

Demographic Information of the AA Santa Rosa-Petaluma MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	100	0.0	24.0	53.0	22.0	1.0
Population by Geography	495,078	0.0	27.0	52.3	20.7	0.0
Housing Units by Geography	206,399	0.0	25.1	53.7	21.2	0.0
Owner-Occupied Units by Geography	111,590	0.0	18.6	55.1	26.3	0.0
Occupied Rental Units by Geography	76,192	0.0	34.2	51.8	14.0	0.0
Vacant Units by Geography	18,617	0.0	26.6	53.1	20.3	0.0
Businesses by Geography	42,455	0.0	28.0	46.9	25.1	0.0
Farms by Geography	1,962	0.0	16.4	59.2	24.4	0.0
Family Distribution by Income Level	118,467	21.3	18.0	19.5	41.2	0.0
Household Distribution by Income Level	187,782	23.2	16.3	18.2	42.3	0.0
Median Family Income MSA - 42220 Santa Rosa-Petaluma, CA MSA		\$77,587	Median Housing Value			\$452,482
			Median Gross Rent			\$1,354
			Families Below Poverty Level			7.4%
<i>Source: 2015 ACS and 2019 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>						

According to the June 30, 2020, FDIC Deposit Market Share Data, 20 financial institutions operated 115 full-service branches within the AA. Of these, BB ranked 18th, with a 0.4 percent deposit market share.

Lending market share is not presented for the AA, as data is not yet available for 2020.

IDAHO

Coeur d’Alene MSA

The AA is located in northern Idaho, along the Washington border, and includes all of Kootenai County, which itself comprises the Coeur d’Alene MSA. There have been no changes to this AA since the previous evaluation. The AA consists of 34 moderate-, 56 middle-, and 25 upper-income tracts, as well as a single tract with no income designation.

Demographic Information of the AA Coeur d'Alene MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	25	0.0	20.0	64.0	16.0	0.0
Population by Geography	145,046	0.0	18.1	68.7	13.1	0.0
Housing Units by Geography	65,272	0.0	17.2	68.9	13.8	0.0
Owner-Occupied Units by Geography	39,582	0.0	12.8	72.0	15.3	0.0
Occupied Rental Units by Geography	16,839	0.0	30.3	61.6	8.1	0.0
Vacant Units by Geography	8,851	0.0	12.4	69.5	18.1	0.0
Businesses by Geography	13,965	0.0	21.0	65.8	13.2	0.0
Farms by Geography	479	0.0	13.8	70.1	16.1	0.0
Family Distribution by Income Level	38,705	18.0	20.3	22.7	39.0	0.0
Household Distribution by Income Level	56,421	21.8	17.7	19.8	40.7	0.0
Median Family Income MSA - 17660 Coeur d'Alene, ID MSA	\$58,966	Median Housing Value				\$203,695
		Median Gross Rent				\$868
		Families Below Poverty Level				9.4%
<i>Source: 2015 ACS and 2019 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>						

According to the June 30, 2020, FDIC Deposit Market Share Data, 13 financial institutions operated 40 full-service branches within the AA. Of these, BB ranked 11th, with a 0.8 percent deposit market share.

According to 2018 and 2019 Peer Mortgage Data: in 2018, 287 lenders reported 13,403 home mortgage loans originated or purchased. BB ranked 38th out of this group, with a market share of 0.4 percent by number. In 2019, the bank also ranked 38th, with a market share of 0.5 percent by number, among 293 lenders reporting 16,654 home mortgage loans originated or purchased.

According to 2018 and 2019 Peer Small Business Data: in 2018, 64 lenders reported 3,722 small business loans originated or purchased. BB ranked 18th out of this group, with a market share of 0.6 percent by number. In 2019, the bank ranked 19th, with a market share of 0.6 percent by number, among 68 lenders reporting 4,135 small business loans originated or purchased.

Idaho Non-MSA

The AA is located in north-central Idaho, between Washington and Montana, and includes: all two CTs of Benewah County, all two CTs of Clearwater County, and all seven CTs of Latah County. There have been no changes to this AA since the previous evaluation. The AA consists eight middle- and three upper-income tracts. Both Clearwater County tracts are middle-income CTs designated as distressed or underserved geographies.

Demographic Information of the AA						
ID Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	11	0.0	0.0	72.7	27.3	0.0
Population by Geography	55,987	0.0	0.0	76.1	23.9	0.0
Housing Units by Geography	25,352	0.0	0.0	76.4	23.6	0.0
Owner-Occupied Units by Geography	13,661	0.0	0.0	71.7	28.3	0.0
Occupied Rental Units by Geography	8,735	0.0	0.0	83.3	16.7	0.0
Vacant Units by Geography	2,956	0.0	0.0	77.9	22.1	0.0
Businesses by Geography	3,969	0.0	0.0	78.5	21.5	0.0
Farms by Geography	367	0.0	0.0	59.7	40.3	0.0
Family Distribution by Income Level	12,994	17.3	17.4	20.9	44.4	0.0
Household Distribution by Income Level	22,396	25.4	17.9	17.1	39.6	0.0
Median Family Income Non-MSAs - ID		\$52,867	Median Housing Value			\$169,578
			Median Gross Rent			\$671
			Families Below Poverty Level			10.2%
<i>Source: 2015 ACS and 2019 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>						

According to the June 30, 2020, FDIC Deposit Market Share Data, 7 financial institutions operated 17 full-service branches within the AA. Of these, BB ranked 4th, with a 16.8 percent deposit market share.

According to 2018 and 2019 Peer Mortgage Data: in 2018, 227 lenders reported 5,298 home mortgage loans originated or purchased. BB ranked 13th out of this group, with a market share of 2.0 percent by number. In 2019, the bank ranked 12th, with a market share of 2.0 percent by number, among 240 lenders reporting 6,388 home mortgage loans originated or purchased.

According to 2018 and 2019 Peer Small Business Data: in 2018, 52 lenders reported 2,374 small business loans originated or purchased. BB ranked 9th out of this group, with a market share of 3.8 percent by number. In 2019, the bank also ranked 9th, with a market share of 3.9 percent by number, among 49 lenders reporting 2,436 small business loans originated or purchased.

Twin Falls MSA

The AA is located in southern Idaho, along the border with Nevada, and includes all of Twin Falls County, which is part of the Twin Falls MSA. As discussed at the rated area, this AA is new since the previous evaluation as of 2018. The AA consists of 1 moderate-, 11 middle-, and 2 upper-income tracts.

Demographic Information of the AA						
Twin Falls MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (CTs)	14	0.0	7.1	78.6	14.3	0.0
Population by Geography	80,004	0.0	4.7	85.4	9.9	0.0
Housing Units by Geography	31,577	0.0	4.9	85.3	9.9	0.0
Owner-Occupied Units by Geography	19,207	0.0	2.6	84.7	12.7	0.0
Occupied Rental Units by Geography	9,810	0.0	8.8	85.9	5.3	0.0
Vacant Units by Geography	2,560	0.0	6.4	87.8	5.8	0.0
Businesses by Geography	6,161	0.0	9.6	76.8	13.6	0.0
Farms by Geography	550	0.0	2.2	85.5	12.4	0.0
Family Distribution by Income Level	20,654	18.5	18.3	22.2	41.0	0.0
Household Distribution by Income Level	29,017	20.7	18.3	18.7	42.3	0.0
Median Family Income MSA - 46300 Twin Falls, ID MSA		\$51,434	Median Housing Value			\$150,108
			Median Gross Rent			\$728
			Families Below Poverty Level			11.7%
<i>Source: 2015 ACS and 2019 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>						

According to the June 30, 2020, FDIC Deposit Market Share Data, 12 financial institutions operated 36 full-service branches within the AA. Of these, BB ranked 8th, with a 2.6 percent deposit market share.

According to 2018 and 2019 Peer Mortgage Data: in 2018, 189 lenders reported 4,756 home mortgage loans originated or purchased. BB ranked 33rd out of this group, with a market share of 0.4 percent by number. In 2019, the bank also ranked 53rd, with a market share of 0.2 percent by number, among 212 lenders reporting 5,811 home mortgage loans originated or purchased.

According to 2018 and 2019 Peer Small Business Data: in 2018, 44 lenders reported 1,723 small business loans originated or purchased. BB ranked 14th out of this group, with a market share of 1.3 percent by number. In 2019, the bank ranked 19th, with a market share of 0.8 percent by number, among 46 lenders reporting 1,721 small business loans originated or purchased.

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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

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

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

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

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (for example, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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