

# **PUBLIC DISCLOSURE**

February 6, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

CTBC Bank Corporation (USA)  
Certificate Number: 19416

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Los Angeles, California 90017

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

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

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## INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, 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			
High Satisfactory	X		
Low Satisfactory		X	X
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 High Satisfactory.**

- Lending levels reflect good responsiveness to assessment area (AA) credit needs.
- A high percentage of loans are made in the institution’s AAs.
- The geographic distribution of loans reflects good penetration throughout the AAs.
- The distribution of borrowers reflects good penetration among businesses of different sizes and retail customers of different income levels, given the product lines offered by the bank.
- The institution exhibits a good record of serving the credit needs of the most economically disadvantaged individuals of its AAs, low-income individuals, and very small businesses, consistent with safe and sound banking practices.
- The institution uses innovative and flexible lending practices in order to serve its AA credit needs.
- The institution is a leader in making community development (CD) loans.

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

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

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

- Delivery systems are accessible to essentially all portions of the institution's AAs.
- To the extent changes have been made, the bank's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals.
- Services do not vary in a way that inconveniences certain portions of the AAs, particularly LMI geographies or individuals.
- CTBC provides an adequate level of CD services.

## DESCRIPTION OF INSTITUTION

CTBC is a state-chartered commercial bank headquartered in Los Angeles, California. The bank was established in 1989 and is wholly owned and controlled by CTBC Capital Corporation (CCC), a one-bank holding company. CCC is owned by CTBC Commercial Bank Company, a privately owned bank in Taiwan. The institution received a Satisfactory rating at its prior FDIC CRA Performance Evaluation (PE) dated March 23, 2020, based on Interagency Large Institution Examination Procedures.

The bank's main office in Los Angeles, California is located in a census tract with no income designation. In addition to the main office, the institution operates 17 branches in Southern and Northern California, New York, and New Jersey. The bank opened three full-service branches in Los Angeles County and 1 full-service branch in Orange County since the previous evaluation. No branches were closed during the review period.

CTBC's primary lending focus is commercial real estate within the bank's designated AAs. Lending within the institution's AAs also includes 1-4 family residential mortgages. CTBC offers a wide range of lending and deposit services, as well as trust and wealth management services, personal banking, and business banking. Investment and insurance products are offered through an affiliated third-party, CTBC Wealth Management. Loan products include commercial real estate, construction, commercial & industrial, residential mortgage, and to a lesser degree, consumer loans. CTBC also offers the following Small Business Association (SBA) loan products: 7(a), 504, and Paycheck Protection Program (SBA PPP). CTBC does not offer consumer, agriculture, or farm loans. CTBC offers various deposit products for business and consumer customers, including checking, savings, money market, and certificates of deposit.

As of September 30, 2022, CTBC had total assets of \$4.7 billion, total loans of 4.2 billion, and total deposits of 4 billion. The following table illustrates the loan portfolio distribution by loan type.

<b>Loan Portfolio Distribution as of September 30, 2022</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction and Land Development	28,026	0.7
Secured by Farmland	-	-
Secured by 1-4 Family Residential Properties	1,402,743	33.6
Secured by Multi-family (5 or more) Residential Properties	397,832	9.5
Secured by Nonfarm Nonresidential Properties	1,639,046	39.2
<b>Total Real Estate Loans</b>	<b>3,567,647</b>	<b>85.4</b>
Commercial and Industrial Loans	503,037	12.0
Agricultural Loans	-	-
Consumer Loans	-	-
Other Loans	100,955	2.4
Less: Unearned Income	6,095	0.1
<b>Total Loans</b>	<b>4,177,734</b>	<b>100.0</b>
<i>Source: 09/30/2022 Call Report</i>		

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

## DESCRIPTION OF ASSESSMENT AREAS

CTBC delineated 4 AAs throughout the rated areas of California, New York, and New Jersey as detailed below.

The following details CTBC’s AA composition for the 2 AAs in California.

<b>Description of Assessment Areas</b>			
<b>Assessment Area</b>	<b>Counties in Assessment Area</b>	<b># of CTs</b>	<b># of Branches</b>
Los Angeles	Los Angeles and Orange Counties in California	2,929	12
Northern California	Alameda, San Francisco, San Mateo, and Santa Clara Counties in California	1,088	3
<i>Source: Bank Data</i>			

The following details CTBC’s AA composition in 2 other states.

<b>Description of Assessment Areas</b>			
<b>Assessment Area</b>	<b>Counties in Assessment Area</b>	<b># of CTs</b>	<b># of Branches</b>
New York	Kings, New York, and Queens Counties in New York	1,718	2
New Jersey	Middlesex County in New Jersey	175	1
<i>Source: Bank Data</i>			

## SCOPE OF EVALUATION

### **General Information**

Examiners used the Interagency Large Institution Examination Procedures to evaluate CTBC’s CRA performance. This evaluation covers the period from the prior evaluation, dated March 23, 2020 to the current evaluation dated February 6, 2023.

Based on the volume of loans, deposits, and branches, the State of California carried the most weight in determining the overall CRA Rating. Examiners weighted the remaining rated areas based on the volume of reported loans, deposits, and branches. The rated areas are presented in the table below and throughout the PE in descending order based upon each rated area’s weighting.

<b>Assessment Area Breakdown of Loans, Deposits, and Branches</b>						
<b>Rated Area</b>	<b>Loans</b>		<b>Deposits</b>		<b>Branches*</b>	
	<b>\$(000s)</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
California	1,377,372	81.7	3,510,495	84.3	15	83.3
New York	221,378	13.1	546,554	13.1	2	11.1
New Jersey	87,474	5.2	106,644	2.6	1	5.6
<b>Total</b>	<b>1,686,224</b>	<b>100.0</b>	<b>4,163,693</b>	<b>100.0</b>	<b>18</b>	<b>100.0</b>

*Source: Bank Data; FDIC Summary of Deposits (6/30/2022)*  
*\*Includes all licensed deposit-taking branch offices.*

### **Activities Reviewed**

Examiners determined that the bank’s major product lines include reported small business loans and Home Mortgage Disclosure Act (HMDA) loans. This conclusion considered the bank’s business strategy, loan composition, and the number and dollar volume of loans originated during the evaluation period.

For the Lending Test, examiners reviewed the universe of reported small business and HMDA loans originated and purchased in 2020 and 2021. During those 2 years, CTBC originated or purchased 1,237 small business loans totaling approximately \$136 million, and 1,147 HMDA loans totaling approximately \$901.6 million. Based on the larger volume in the number of originated small business loans, examiners placed more weight on the bank’s small business lending.

Examiners used 2020 and 2021 CRA aggregate data, 2020 and 2021 D&B demographic data, 2020 and 2021 HMDA aggregate data, and 2015 American Community Survey (ACS) Census data, as comparisons for the bank’s lending performance. Due to fluctuations in the bank’s performance, examiners presented 2020 and 2021 lending activity.

The evaluation of CD loans, investments, and services included all qualified activities since the previous evaluation dated March 23, 2020 through February 6, 2023. The evaluation of CD investments also includes prior period investments still outstanding at the time of this evaluation. Examiners evaluated CTBC’s CD loans, investments, and services activities quantitatively based on the bank’s financial capacity, as well as qualitatively based upon the impact of those activities on CTBC’s AAs. For the Service Test, examiners evaluated and placed primary emphasis on the access to full-service branches and the provision of CD service hours.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

The Lending Test performance is “High Satisfactory.” This rating is supported by good lending activity, good geographic distribution, good borrower profile, and excellent CD lending performance. CTBC’s bank-wide performance is consistent in each rated area with the exception of New Jersey where the performance is weaker. Refer to each AA’s Lending Test section for a detailed analysis.

## Lending Activity

CTBC's lending activity reflects good responsiveness to AA credit needs. During the review period, the bank originated or purchased 1,237 small business loans totaling \$136 million, and 1,147 home mortgage loans totaling \$901.6 million. Overall, the bank's small business and home mortgage lending volume increased significantly on an annualized basis compared to the previous examination. Small business lending volume increased in 2020 and 2021 due to SBA PPP lending activity. Refer to each AA section for more information.

## Assessment Area Concentration

CTBC made a high percentage of loans in the bank's AAs. This conclusion is based on a substantial majority of small business and HMDA loans originated within the AAs by both number and dollar volume. AA concentration is discussed only in the bank-wide section of this evaluation because all of the AAs are combined to determine the overall ratios. Refer to the following table.

<b>Lending Inside and Outside of the Assessment Areas</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans \$(000s)</b>				<b>Total \$(000s)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	
Home Mortgage										
2020	472	82.8	98	17.2	570	415,471	91.2	39,880	8.8	455,351
2021	467	80.9	110	19.1	577	386,322	86.6	59,993	13.4	446,315
<b>Subtotal</b>	<b>939</b>	<b>81.9</b>	<b>208</b>	<b>18.1</b>	<b>1,147</b>	<b>801,792</b>	<b>88.9</b>	<b>99,874</b>	<b>11.1</b>	<b>901,666</b>
Small Business										
2020	569	87.4	82	12.6	651	58,103	87.1	8,597	12.9	66,700
2021	506	86.3	80	13.7	586	57,490	82.9	11,861	17.1	69,351
<b>Subtotal</b>	<b>1,075</b>	<b>86.9</b>	<b>162</b>	<b>13.1</b>	<b>1,237</b>	<b>115,593</b>	<b>85.0</b>	<b>20,458</b>	<b>15.0</b>	<b>136,051</b>
<b>Total</b>	<b>2,014</b>	<b>84.5</b>	<b>370</b>	<b>15.5</b>	<b>2,384</b>	<b>917,385</b>	<b>88.4</b>	<b>120,332</b>	<b>11.6</b>	<b>1,037,717</b>
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

## Geographic Distribution

CTBC's geographic distribution of loans reflects good penetration throughout its AAs. CTBC's performance is consistent in each rated area with the exception of New Jersey where the performance is weaker. Refer to each respective analysis for details.

## Borrower Profile

CTBC's distribution of borrowers reflects good penetration among businesses of different sizes and retail customers of different income levels. The institution's performance is consistent in each rated area with the exception of New Jersey where the performance is weaker. Refer to each respective analysis for details.



## Innovative or Flexible Lending Practices

CTBC uses innovative or flexible lending programs to address the credit needs of LMI individuals or geographies. The institution offered these programs and products in each of its AAs. As a result, the programs and products are only presented in this section and are not presented separately within each rated area or AA analysis. CTBC participated in 1,593 flexible or innovative loans totaling \$851.6 million during the review period. The bank originates loans under the SBA Certified Development 504 and 7(a) loan programs. During the evaluation period, CTBC originated 46 SBA loans totaling \$79.6 million. While SBA loans are not considered innovative, they offer small business borrowers alternative financing when conventional financing may not be an option. CTBC continues to be a SBA Preferred Lender, which allows the bank to approve loans on behalf of the SBA and expedite the loan approval process to the benefit of the borrower. CTBC also offers a special purpose credit program for home mortgage loans to LMI consumers and in LMI CTs.

The following table presents CTBC's innovative and flexible loan products and programs.

Type of Program	2020		2021		2022		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
<b>Small Business</b>								
SBA 7(a) Loans	6	5,795	20	29,945	11	18,453	37	54,193
SBA 504 Loans	3	8,864	8	14,988	4	10,463	15	34,315
SBA Paycheck Protection Program	496	58,541	431	51,761	-	-	927	110,302
COVID-19 Hardship Relief Program for Small Business Loans	113	553,206	1	4,105	-	-	114	557,311
Dream Builder Micro Line of Credit	102	1,020	118	1,180	99	990	319	3,190
<b>Home Mortgage</b>								
“Special Purpose Credit Program” targeted at LMI	49	21,826	9	3,028	12	5,158	70	30,012
COVID-19 Hardship Relief Program	42	19,796	67	41,769	2	680	111	62,245
<b>Totals</b>	<b>811</b>	<b>669,048</b>	<b>654</b>	<b>146,776</b>	<b>128</b>	<b>35,744</b>	<b>1,593</b>	<b>851,568</b>
<i>Source: Bank Records</i>								

The following is a description of CTBC’s innovative and flexible lending programs.

- Special Purpose Credit Program – Residential real estate loans offered to LMI consumers and borrowers in LMI census tracts. The loans include lower debt-to-income ratio requirements, low minimum down payments, down payment assistance, reduced closing costs, lower credit score requirements, and pricing enhancements.
- COVID Hardship Relief Programs - The bank approved various loan modification programs allowing up to six-month payment relief for borrowers adversely affected by the COVID-19 pandemic. In most cases, the deferments were payable over 36 months or due at maturity of the loan. These programs benefited business and consumer customers.

- Dream Builder Micro Line of Credit – a micro line of credit called “Dream Builder” for small businesses. The \$10,000 micro line of credit offers revolving terms with a simple application process and requires no collateral, no prepayment penalty, and no draw down period.
- SBA Programs –The institution offers SBA-guaranteed loans under the 7(a), and 504 loan programs.
- Small Business Association Paycheck Protection Program (SBA PPP) – The program was created in 2020 and structured to help small businesses and other organizations during the COVID-19 pandemic by providing fully forgivable loans that can be used to help preserve jobs and cover other specific business expenses. CTBC participated in all three rounds and extended relief to its existing customers and non-customers.

The bank also offers the following flexible home mortgage loan program options: Workforce Initiative Subsidy for Homeownership (WISH), Access to Housing and Economic Assistance for Development (AHEAD); and, Affordable Housing Program (AHP). While these products are offered, the bank did not make any loans under these programs during the evaluation period.

Innovative and flexible lending practices do not vary by AA. Therefore, these practices are only presented in this section and are not presented separately under analysis of each AA.

### **Community Development Loans**

While CD lending varied among the rated areas, the bank is in a leadership position overall. The institution’s performance exceeded similarly situated institutions. Performance is consistent among the rated areas, with the exception of New Jersey where the performance was weaker. The following table presents the bank's CD loans by purpose and rated area.

<b>Community Development Lending by Rated Area – Bank-wide</b>										
<b>Rated Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
California	13	35,945	3	600	77	348,606	1	3,800	94	388,951
New York	4	12,487	-	-	9	41,120	3	34,000	16	87,607
New Jersey	-	-	-	-	7	63,237	-	-	7	63,237
<i>Statewide Activities</i>	-	-	-	-	23	108,757	5	81,290	28	190,047
<i>Regional Activities</i>	-	-	-	-	1	1,025	-	-	1	1,025
<b>Lending Subtotal</b>	17	48,432	3	600	117	562,745	9	119,090	146	730,867
<i>Nationwide</i>	-	-	-	-	7	51,685	-	-	7	51,685
<b>Total</b>	17	48,432	3	600	124	614,430	9	119,090	153	782,552

*Source: Bank Records*

By year, CTBC's CD loan activity consisted of 35 CD loans totaling \$130.5 million in 2020, 61 CD loans totaling \$290.6 million in 2021, 51 CD loans totaling 337.2 million in 2022, and 6 CD loans totaling \$24.1 million in year-to-date 2023. CTBC's dollar amount of CD loans was higher than the amount originated during the previous evaluation. The current evaluation's review period was 34 months, compared to the previous evaluation's review period of 26 months. As a result, examiners analyzed the percentage increase in CTBC's dollar volume of CD loans on an annualized basis for consistency purposes. Examiners noted that the institution's CD lending increased by 30.5 percent on an annualized basis since the previous evaluation. The substantial majority of CTBC's CD lending by number and dollar amount of activities targeted economic development efforts, followed by affordable housing

Given that the bank was responsive to the CD needs of its AAs, examiners considered qualified CD loans that benefitted areas located in the broader statewide or regional area that included the AAs, even if the activity did not have a purpose, mandate, or function of benefitting the institution's AAs. As shown in the preceding table, CTBC made 7 nationwide loans for \$51.6 million, including 2 loans to a for-profit industrial business to finance the purchase of an industrial plant and warehouse which created 246 LMI jobs.

## **INVESTMENT TEST**

The Investment Test performance is "Low Satisfactory." CTBC's bank-wide performance is consistent with the conclusions in California which carried the most weight. New York and New Jersey had stronger performance. Refer to each AA's Investment Test section for a detailed analysis.

### **Investment and Grant Activity**

CTBC has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. A majority of CTBC's investment activity included mortgage-backed securities. The current evaluation's review period was 34 months compared to the previous evaluation's review period of 26 months. As a result, examiners analyzed the percentage increase in CTBC's dollar volume of CD investments on an annualized basis for consistency purposes. The current period investments and donations total represents an increase from the previous evaluation of approximately \$56.8 million total qualified investments and grants. The institution's annualized CD investments and grants increased by 7 percent bank-wide since the previous evaluation, where the bank also had an adequate level of qualified CD investments.

The institution's total assets and total securities also increased during the same period. During the current evaluation period, total qualified investments represent 1.9 percent of average total assets, and 29.3 percent of average total securities. The bank's activity as a percentage of average total assets increased from 1.6 percent noted at the previous evaluation, and increased from 8.3 percent of average total securities.

Prior period investments retained across the rated areas totaled \$29.7 million. Of the total new qualified investments, 2 totaling \$3.7 million were made in 2020, 4 totaling \$9.8 million were made

in 2021, and 8 totaling \$20.4 million were made in 2022. Additionally, CTBC made 44 donations totaling \$254,000 in 2020, 55 donations totaling \$300,000 in 2021, and 63 donations totaling \$315,000 in 2022. Refer to individual AA sections for more information and notable examples. The following table illustrates the qualified investment and grant activity by rated area and CD purpose.

<b>Community Development Investments by Rated Area – Bank-wide</b>										
<b>Rated Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
California	28	38,549	-	-	3	2,200	-	-	31	40,749
New York	21	5,225	-	-	-	-	-	-	21	5,225
New Jersey	3	4,255	-	-	-	-	-	-	3	4,255
<i>Nationwide</i>	2	6,457	-	-	8	22,000	-	-	10	28,457
<b>Investments Subtotal</b>	<b>54</b>	<b>54,486</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>24,200</b>	<b>-</b>	<b>-</b>	<b>65</b>	<b>78,686</b>
Qualified Grants & Donations	38	200	92	524	29	129	3	15	162	868
<b>Total</b>	<b>92</b>	<b>54,686</b>	<b>92</b>	<b>524</b>	<b>40</b>	<b>24,329</b>	<b>3</b>	<b>15</b>	<b>227</b>	<b>79,554</b>

*Source: Bank Records*

Given that the bank was responsive to the CD needs of its AAs, examiners considered qualified investments and grants that benefitted areas located in the broader statewide or regional area that included the AAs, even if the activity did not have a purpose, mandate, or function of benefitting the institution’s AAs. As shown in the preceding table, CTBC made 10 nationwide investments for \$28.4 million that benefitted affordable housing organizations and economic development organizations.

**Responsiveness to Credit and Community Development Needs**

The institution exhibits adequate responsiveness and commitment to credit and CD needs through its investment strategy during the evaluation period to support the affordable housing and economic development needs across the bank’s AAs. The majority of CTBC’s new investment activity consisted of mortgage-backed securities that created affordable housing throughout the AAs. These investments are long-term and highly responsive to the identified CD need for affordable housing in each of the AAs. Additionally, the institution’s investment activity was responsive to economic development needs, which was an additional CD need for the AAs identified by community contacts. Refer to each individual rated area and AA for specific details.

During the review period, CTBC demonstrated responsiveness to economic development needs by allocating investments in an SBA Loan Fund that promotes nationwide economic development.

**Community Development Initiatives**

CTBC occasionally uses innovative and/or complex investments to support CD initiatives. This conclusion is supported by occasional use of innovative and/or complex investments in California.

## **SERVICE TEST**

The Service Test is rated “Low-Satisfactory.” The bank’s performance in California, New York, and New Jersey is consistent with this rating. Refer to each AA’s Service Test conclusions for a detailed analysis.

### **Accessibility of Delivery Systems**

Delivery systems are accessible to essentially all portions of the institution’s AAs. CTBC operates 18 deposit-taking branch offices in the AAs, with 1 in low-, 4 in moderate-, 3 in middle-, and 9 in upper-income CTs. The bank’s main office is located in a non-designated income tract. Branch accessibility to LMI individuals is enhanced by the proximity of branches to major employers, educational institutions, and public transportation.

The bank operates 17 automated teller machine (ATM) locations throughout the AAs and located at the branches: 1 in low-, 4 in moderate-, 3 in middle-, and 9 in upper-income CTs.

The bank offers a variety of alternative delivery systems that are available to all customers. Online banking allows customers secure access to a wide variety of services anytime. Services include, but are not limited to, access to checking account balances, account history, online statements, bill payment, intra-bank transfers, and person-to-person payment services. CTBC also offers mobile banking, which allows users to view account balances, pay bills, deposit checks, and transfer funds. During the evaluation period, CTBC opened 11,827 accounts with access to online banking and 2,823 with mobile banking.

Other retail delivery systems include 24-hour, toll-free telephone banking in English, Mandarin, and Cantonese. Multi-lingual capabilities provide easier access to the bank’s products and services.

CTBC offers the same alternative delivery systems throughout the AAs. Therefore, alternative delivery systems are only discussed in this section, and are not discussed separately under each AA.

### **Changes in Branch Locations**

To the extent changes have been made, CTBC’s record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. During the evaluation period, the bank opened 4 branches and did not close any branches. The new branches are located in California. Refer to the State rated area for additional details.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences certain portions of the AA(s), particularly LMI geographies and/or individuals. Full-service branches offer an array of business and consumer deposit and lending products. Refer to the Description of Institution section

for details. Business hours vary slightly by branch according to the specific AA needs, with some locations offering Saturday hours and/or extended Friday hours. Refer to each rated area for details.

**Community Development Services**

CTBC provides an adequate level of CD services in its AAs. See the following table. Of the total 2,263 service hours, 400 hours of service were provided in 2020; 906 hours of service were provided in 2021, and; 948 hours of service were provided in 2022. The vast majority of hours were provided in the more heavily rated area of California.

The institution’s volume of CD service hours decreased by 21.6 percent since the previous evaluation where, at 2,888 service hours, CTBC also had an adequate level of CD service hours. The current evaluation’s review period was 34 months compared to the previous evaluation’s review period of 26 months. As a result, examiners analyzed the percentage decrease in CD service hours on an annualized basis for consistency purposes. Examiners noted that the institution’s CD service hours decreased by 40.1 percent on an annualized basis since the previous evaluation. The bank’s performance at 6.1 hours per full-time employee represents a decrease in performance compared to the prior evaluation’s 8.7 hours per full-time employee at the previous evaluation. The bank’s performance is comparable to similarly situated institutions. The majority of service hours consisted of community service activities targeted to LMI individuals and families. The bank also provided 489 hours to affordable housing and 322 hours to economic development, which were both identified as principal CD needs throughout the AAs.

<b>Community Development Services by Rated Area – Bank-wide</b>					
<b>Rated Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
California	478	1,230	317	43	2,068
New York	8	99	-	-	<b>107</b>
New Jersey	3	80	5	-	<b>88</b>
<b>Total</b>	<b>489</b>	<b>1,409</b>	<b>322</b>	<b>43</b>	<b>2,263</b>
<i>Source: Bank Records</i>					

Refer to full-scope AA sections for further detail and examples of CD services provided.

**DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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

## CALIFORNIA

### CRA RATING FOR CALIFORNIA: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Low Satisfactory

The Service Test is rated: Low Satisfactory

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN CALIFORNIA

As of this evaluation, CTBC delineated two AAs in the State of California. See the following table. There were no changes within the California AA during the review period.

Description of Assessment Areas in California		
Assessment Area	Counties in Assessment Area	# of CTs
Los Angeles	Los Angeles, Orange	2,929
Northern CA	Alameda, San Francisco, San Mateo, Santa Clara	1,088

*Source: Bank Records*

Refer to the individual AAs for key demographic and economic information specific to each AA.

### SCOPE OF EVALUATION – CALIFORNIA

Examiners evaluated the Los Angeles and Northern California AAs using full-scope examination procedures based on the greater volume of lending activity, deposit volume, and branch distribution. See the following table for details. The Los Angeles AA received the greatest consideration in determining conclusions for California due to the larger volume of loans, deposits, and branches. The performance in the Northern CA AA was considered to a lesser degree. Small business and home mortgage loans were analyzed for the AAs, with the greatest consideration given to small business loans.

Refer to the institution-wide Scope of Evaluation section for additional information.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches*	
	\$(000s)	% Bank Total	\$(000s)	% Bank Total	#	% Bank Total
Los Angeles	1,217,073	88.4	2,027,648	57.8	12	80.0
Northern CA	160,299	11.6	1,482,847	42.2	3	20.0
<b>California</b>	<b>1,377,372</b>	<b>100.0</b>	<b>3,510,495</b>	<b>100.0</b>	<b>15</b>	<b>100.0</b>

*Source: Bank Records, FDIC Summary of Deposits (6/30/2020)*  
*\* Includes all licensed deposit-taking branch offices*

## CONCLUSIONS ON PERFORMANCE CRITERIA IN CALIFORNIA

### LENDING TEST

CTBC’s California Lending Test rating is “High Satisfactory.” The bank’s performance in the Los Angeles and Northern California AAs is consistent with this conclusion. Refer to each AA section for specific details.

#### Lending Activity

CTBC’s lending levels reflect good responsiveness to AA credit needs in California. Refer to each California AA analysis for details.

#### Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the California AAs. The bank’s performance in the Los Angeles AA is consistent with this conclusion. Performance in the Northern California AA was weaker.

#### Borrower Profile

The distribution of borrowers in California reflects good penetration. The bank’s performance in the Los Angeles AA is consistent with this conclusion. Performance in the Northern California AA was stronger.

#### Community Development Loans

CTBC made an excellent level of CD loans in California. Refer to the following table. The institution’s dollar volume of CD lending increased by 8.1 percent on an annualized basis since the previous evaluation, where CTBC made a relatively high level of CD loans. Performance in California increased since the previous evaluation and CD loan originations kept pace with the growth of total assets and total loans. Overall, CTBC’s CD lending performance within California was comparable to, or stronger than peer institutions. CD lending primarily benefitted the Los Angeles AA. The majority of CTBC’s CD lending supported economic development within the state. Performance is consistent in the Northern California AA.

<b>Community Development Lending by Assessment Area - California</b>										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)	#	\$(000)
Los Angeles	11	31,260	3	600	68	319,118	-	-	82	350,978
Northern CA	2	4,685	-	-	9	29,488	1	3,800	12	37,973
<b>Subtotal</b>	<b>13</b>	<b>35,945</b>	<b>3</b>	<b>600</b>	<b>77</b>	<b>348,606</b>	<b>1</b>	<b>3,800</b>	<b>94</b>	<b>388,951</b>
<i>Statewide Activities</i>	-	-	-	-	18	91,986	4	79,290	22	171,276
<b>Total</b>	<b>13</b>	<b>35,945</b>	<b>3</b>	<b>600</b>	<b>95</b>	<b>440,592</b>	<b>5</b>	<b>83,090</b>	<b>116</b>	<b>560,227</b>

*Source: Bank Records*



Refer to the Los Angeles and Northern CA AAs for notable examples of CD loans. Below are notable examples of CD loans at the statewide level.

- \$4.2 million loan to finance the acquisition of an owner-occupied office/warehouse commercial property under the SBA 7(a) program. A total of 3 new LMI jobs were created and 10 LMI jobs will be retained as a result of the loan. The business is located in Riverside County, just outside the bank's Los Angeles AA.
- \$36 million loan to finance the purchase of a retail shopping center which includes a grocery store as the anchor tenant. The retail center helps stabilize the adjacent moderate-income CT in Contra Costa County, just outside the bank's Northern California AA.
- \$1.6 million SBA PPP loan to a for-profit solar electric power generator company that employs 135 LMI individuals in Riverside County, just outside the bank's Los Angeles AA.

## **INVESTMENT TEST**

CTBC is rated "Low Satisfactory" in the Investment Test in California. Examiners placed more weight on the Los Angeles AA in arriving at this conclusion. The bank's performance was stronger in the Northern California AA. Refer to each AA section for specific details.

### **Investment and Grant Activity**

The institution has an adequate level of qualified CD investment and grants throughout the State of California, although not often in a leadership position, particularly those not routinely provided by private investors. CTBC reported \$15.1 million in new qualified investments, \$25.7 million in prior period investments, and \$688,000 in grants during the evaluation period. Overall, CTBC's California investment and grant activity increased from the previous evaluation total of \$35.4 million, where the bank had adequate level of activity. On an annualized basis, the institution's CD investments and grants decreased by 10.6 percent since the previous evaluation. As a percentage of average total assets, the bank's performance remained the same. As a percentage of average total securities, the bank's performance increased since the previous evaluation. The institution's new and prior period investment activity penetrated each California AA. Refer to the following table.

<b>Community Development Investments by Assessment Area – California</b>										
<b>Assessment Area</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000)</b>	<b>#</b>	<b>\$(000)</b>	<b>#</b>	<b>\$(000)</b>	<b>#</b>	<b>\$(000)</b>	<b>#</b>	<b>\$(000)</b>
Los Angeles	21	28,287	-	-	3	2,200	-	-	24	30,487
Northern CA	7	10,262	-	-	-	-	-	-	7	10,262
<b>Subtotal</b>	<b>28</b>	<b>38,549</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>2,200</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>40,749</b>
Qualified Grants & Donations	28	139	72	423	26	110	3	15	129	687
<b>Total</b>	<b>56</b>	<b>38,688</b>	<b>72</b>	<b>423</b>	<b>29</b>	<b>2,310</b>	<b>3</b>	<b>15</b>	<b>160</b>	<b>41,436</b>
<i>Source: Bank Records</i>										

Refer to the Los Angeles and Northern CA AAs for notable examples of CD investments.

### **Responsiveness to Credit and Community Development Needs**

The institution exhibits adequate responsiveness and commitment to credit and CD needs during the review period to support affordable housing and economic development needs, which were the primary CD needs for the California AAs. The bank’s qualified investments in affordable housing in California increased from \$35.4 million at the previous evaluation to \$38.6 million at the current evaluation. During the review period, CTBC also demonstrated responsiveness to the economic development needs in the California AAs by investing \$2.3 million in economic development investments. This represented an increase from the prior evaluation where there were no economic development investments in the AAs.

### **Community Development Initiatives**

CTBC occasionally uses innovative and/or complex investments to support CD initiatives. The bank’s qualified investments are useful and promote CD within its AAs; however, most are not innovative or complex. New investments consisted of mortgage-backed securities.

### **SERVICE TEST**

CTBC is rated “Low-Satisfactory” in the Service Test for California. The institution’s performance is consistent with this rating in both California AAs.

### **Accessibility of Delivery Systems**

Delivery systems are accessible to essentially all portions of the California AAs. CTBC operates 15 full-service branches in California: 1 in low-, 3 in moderate-, 2 in middle-, 8 in upper-, and 1 in non-designated income CTs. The accessibility of the bank’s products and services to LMI CTs is also enhanced by its alternative delivery systems. These alternative delivery systems include internet banking, mobile banking, and 24-hour telephone banking. The bank opened 3,156 low-cost checking accounts during the evaluation period. Refer to each individual AA analysis for additional details. Refer to the respective rated area for additional details.

### **Changes in Branch Locations**

To the extent changes have been made, CTBC’s opening and closing of branches has not adversely affected the accessibility of its delivery systems in California, particularly in LMI geographies or to LMI individuals. The bank did not close any branches. It opened four branches in California, located in the Los Angeles AA. Refer to each AA analysis for details on the impact to LMI areas.

### **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 individuals. Branch locations have generally similar hours that vary slightly according to area needs. Refer to each AA analysis for detail. CTBC’s services, including alternative delivery systems, are available at each full-service branch and are consistent with the discussion at the overall institution level.

### **Community Development Services**

CTBC provides an adequate level of CD services in the state of California. Overall, service hours decreased 17 percent since the prior evaluation, while annualized service hours increased by 36.6 percent. Compared to similarly situated institutions in California, the bank’s performance was similar. The majority of service hours supported community services targeted to LMI individuals and families. Examiners also noted that the bank provided services to support affordable housing and economic development; both were identified as CD needs throughout the California AAs. The majority of service hours primarily occurred in the Los Angeles AA. The following table details the institution’s CD services by California AA and CD purpose.

<b>Community Development Services by Assessment Area – California</b>					
<b>Assessment Area</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
Los Angeles	63	957	230	43	<b>1,293</b>
Northern CA	14	270	83	-	<b>367</b>
<b>Subtotal</b>	<b>77</b>	<b>1,227</b>	<b>313</b>	<b>43</b>	<b>1,660</b>
<i>Statewide</i>	<i>401</i>	<i>3</i>	<i>4</i>	<i>-</i>	<b>408</b>
<b>Total</b>	<b>478</b>	<b>1,230</b>	<b>317</b>	<b>43</b>	<b>2,068</b>

*Source: Bank Records*

Refer to the Los Angeles and Northern CA AAs for notable examples of CD services. Below are notable examples of CD services at the statewide level.

- One employee is a board member, and provided 240 service hours to an organization that provides down payment assistance and foreclosure prevention services to LMI individuals and families in San Bernardino County, just outside the bank’s AA.
- One employee volunteered 15 service hours by providing financial expertise to an

organization that helps LMI renters, homebuyers, homeowners, and those experiencing homelessness in San Bernardino County.

- One employee volunteered 2 service hours to an organization that mobilizes community and institutional leaders to collaborate on identifying and solving underlying causes of poverty. The bank employee provided financial expertise in the organization's economic protection and funding support plans.

## LOS ANGELES ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE LOS ANGELES ASSESSMENT AREA

The Los Angeles AA is comprised of Los Angeles and Orange Counties. The AA consists of the following MDs: Los Angeles-Long Beach-Glendale, CA and Anaheim-Santa Ana-Irvine, CA. These two MDs comprise the entirety of the Los Angeles-Long Beach-Anaheim CSA. There were no changes to the AA since the previous evaluation.

#### **Economic and Demographic Data**

According to the 2015 ACS Census data, the Los Angeles AA contains 266 low-, 821 moderate-, 760 middle-, 1,028 upper-income CTs, and 54 CTs with no income designation. The following table shows select demographic, housing, and business data for the AA.

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Los Angeles</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	2,929	9.1	28.0	25.9	35.1	1.8
Population by Geography	13,154,457	8.6	28.9	26.9	35.0	0.6
Housing Units by Geography	4,541,360	7.5	25.8	26.2	40.1	0.4
Owner-Occupied Units by Geography	2,082,030	2.7	17.6	27.5	52.2	0.1
Occupied Rental Units by Geography	2,190,392	12.0	33.7	25.1	28.4	0.7
Vacant Units by Geography	268,938	8.0	24.6	24.4	42.2	0.8
Businesses by Geography	1,535,471	4.9	19.3	24.7	49.3	1.9
Farms by Geography	15,120	3.8	18.3	26.8	50.3	0.9
Family Distribution by Income Level	2,913,538	24.4	16.3	17.0	42.3	0.0
Household Distribution by Income Level	4,272,422	25.6	15.5	16.1	42.8	0.0
Median Family Income MSA - 11244 Anaheim-Santa Ana-Irvine, CA	\$86,003	Median Housing Value				\$515,607
Median Family Income MSA - 31084 Los Angeles-Long Beach-Glendale, CA	\$62,703	Median Gross Rent				\$1,353
		Families Below Poverty Level				13.0%
<i>Source: 2015 ACS and 2021 D&amp;B Data                      Due to rounding, totals may not equal 100.0%                      (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

## Unemployment

The Bureau of Labor Statistics (BLS) provides data on changes in unemployment rates. Unemployment rates in California and the United States significantly increased from 2019 to 2020, with the state unemployment rate consistently higher than the national average year over year. In 2020, the AA, state, and nation experienced significant increases in unemployment rates due to the onset of the COVID-19 pandemic.

The following table illustrates the unemployment rates for the AA by MSA, California, and nationwide for 2019, 2020, and 2021.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Los Angeles-Long Beach-Anaheim MSA			
Anaheim-Santa Ana-Irvine MD	2.8	8.9	6.0
Los Angeles-Long Beach-Glendale MD	4.6	13.0	10.4
State of CA	4.1	10.3	7.4
National Average	3.7	8.1	5.4

*Source: BLS/Moody's Analytics*

Examiners obtained the following economic information from Moody's Analytics.

### Los Angeles – Long Beach – Anaheim MSA

According to the Moody's Analytics report of December 2022, the Los Angeles – Long Beach – Glendale economy has currently been in an at-risk stage. Employment recovery in healthcare and leisure/hospitality has been promising as both industries have gained employment. There has been large layoffs in the tech industry due to an economy slowdown. There is a correction in house prices as the housing prices have dropped although sales have also dropped to near-historic lows. The overall affordability for housing continues to decrease as there has been an increase in mortgage rates and income growth is slowing. Top employers in the area are Cedars-Sinai Medical Center, Los Angeles International Airport (LAX), University of California Los Angeles, VXI Global Solutions, and The Walk Disney Co.

### Competition

The Los Angeles AA is a highly competitive market that includes several large national and regional financial institutions. According to the June 2022 FDIC Summary of Deposits data, 109 financial institutions operate in the Los Angeles AA. The AA's total deposit market is \$795.8 billion. The 4 largest institutions hold \$428 billion in deposits, representing 53.8 percent of the AA's deposit market. CTBC is the 30<sup>th</sup> largest institution by deposit market share in the AA holding 0.25 percent of total market deposits. The bank operates 10 branches and holds \$2.0 billion in deposits within the AA.

## **Community Contacts**

Examiners reviewed one recent and conducted one new community contact during this evaluation. The recent contact was with a local small business development corporation that provides one-on-one business consulting, as well as training and workshops to strengthen business knowledge. The small business development contact stated that there are many job opportunities, especially for the skilled labor force; however, the challenge is a lack of affordable housing for low-, moderate-, and middle-income people. The contact stated there continues to be a need for small business loans, especially for micro businesses and start-ups.

The new community contact was conducted for the Los Angeles AA. The contact is a non-profit organization that provides affordable housing support and services. Counselors specialize in foreclosure prevention, first-time home buying, and credit counseling. The contact stated that there is a lack of affordable housing in the area, and LMI families often work multiple jobs to afford housing. The contact also stated that Los Angeles is experiencing a housing crisis with very limited housing stock.

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

Based on information from the community contacts, bank management, and the demographic and economic data, examiners determined that affordable housing represents a primary credit need due to low supply and increased costs for both home purchases and rentals. This is supported, in large part, by a low housing affordability index, increased home prices, limited inventory, and multiple offers increasing prices, increased rents, and very low vacancy rates. There is also a demand for small business loans representing another primary AA credit need. There is also a need for credit counseling for both individuals and small businesses, as indicated by the community contacts.

# **CONCLUSIONS ON PERFORMANCE CRITERIA IN LOS ANGELES**

## **LENDING TEST**

Lending levels within the Los Angeles AA reflect good responsiveness. The geographic distribution and distribution of borrowers reflects good penetration. CTBC is a leader in making CD loans in the AA.

## **Lending Activity**

Lending levels reflect good responsiveness to the AA credit needs. CTBC originated or purchased 680 home mortgage loans totaling \$578.9 million; 656 small business loans totaling \$77.9 million; and 82 CD loans totaling \$359.9 million during this evaluation period.

In 2020, CTBC ranked 66<sup>th</sup> out of 380 lenders that reported 527,164 originated or purchased small business loans in the AA, giving the bank a market share of .07 percent by number, and .16 percent by dollar volume. In 2021, CTBC ranked 67<sup>th</sup> out of 353 lenders that reported 603,813 originated or purchased small business loans in the AA, giving the bank a market share of .05 percent by number, and 0.19 percent by dollar volume.

The number of small business loans originated or purchased by the bank increased since the prior evaluation period. Market share by number and the bank's overall ranking improved. While the number of total small business loans made in the market increased, the total number of lenders also increased in the market. Small business lending volume substantially increased in 2020 and 2021, with most loans made under the SBA PPP. Of the 344 small business loans originated in 2020, the bank made 255 of them under the SBA PPP program. Of the 312 small business loans originated in 2021, 232 were SBA PPP loans.

In 2020, CTBC ranked 218<sup>th</sup> out of 920 lenders that reported 670,844 originated or purchased home mortgage loans in the AA, giving the bank a market share of .05 percent by number, and .07 percent by dollar volume. In 2021, CTBC ranked 209<sup>th</sup> out of 941 lenders that reported 648,046 originated or purchased home mortgage loans in the AA, giving the bank a market share of .05 percent by number, and .09 percent by dollar volume.

Throughout the evaluation period, the number of mortgage loans originated or purchased by the bank consistently increased. CTBC's market share ranking dropped since the previous evaluation but has been trending up since 2020.

### **Geographic Distribution**

The institution's geographic distribution of loans reflects good penetration throughout the AA. Good penetration of small business and HMDA loans supports this conclusion

### **Small Business Loans**

The geographic distribution of small business loans reflects good penetration throughout the AA. Across both years of analysis, bank performance in LMI CTs exceeded the percentage of businesses and available aggregate data. While there was a slight decline in performance between 2019 and 2020 in low-income tracts, performance rebounded in 2021. The increase in the number of loans during 2020 and 2021, in comparison to 2019, is primarily due to the bank's participation in the SBA PPP.



Geographic Distribution of Small Business Loans							
Assessment Area: Los Angeles							
Tract Income Level		% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low							
	2020	4.8	5.2	24	7.0	891	2.2
	2021	4.9	4.8	21	6.7	1,052	2.8
Moderate							
	2020	19.1	19.4	100	29.1	9,531	23.6
	2021	19.3	19.9	94	30.1	10,352	27.6
Middle							
	2020	24.8	25.2	91	26.5	14,769	36.6
	2021	24.7	25.5	84	26.9	16,799	44.8
Upper							
	2020	49.3	48.6	119	34.6	11,013	27.3
	2021	49.3	48.3	106	34.0	8,784	23.4
Not Available							
	2020	1.9	1.7	10	2.9	4,164	10.3
	2021	1.9	1.5	7	2.2	545	1.5
<b>Totals</b>							
	<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>344</b>	<b>100.0</b>	<b>40,368</b>	<b>100.0</b>
	<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>312</b>	<b>100.0</b>	<b>37,532</b>	<b>100.0</b>
<i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data, "--" data not available.</i>							
<i>Due to rounding, totals may not equal 100.0%</i>							

### HMDA Loans

The geographic distribution of HMDA loans reflects good penetration throughout the AA. Across both years of analysis, bank performance in LMI CTs exceeded the percentage of businesses and available aggregate data. The bank's performance in low-income tracts is in line with previous performance. The bank's performance in moderate-income tracts has shown a downward trend since the previous evaluation.

Geographic Distribution of Home Mortgage Loans							
Assessment Area: Los Angeles							
Tract Income Level		% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low							
	2020	2.7	2.2	13	3.9	20,545	7.9
	2021	2.7	2.6	16	4.6	5,706	1.8
Moderate							
	2020	17.6	14.8	78	23.5	32,384	12.5
	2021	17.6	16.0	69	19.8	23,586	7.4
Middle							
	2020	27.5	26.9	51	15.4	26,912	10.4
	2021	27.5	26.7	62	17.8	52,246	16.3
Upper							
	2020	52.2	55.7	165	49.7	160,279	61.8
	2021	52.2	54.2	163	46.8	196,054	61.3
Not Available							
	2020	0.1	0.4	25	7.5	19,035	7.3
	2021	0.1	0.5	38	10.9	42,201	13.2
<b>Totals</b>							
	<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>332</b>	<b>100.0</b>	<b>259,154</b>	<b>100.0</b>
	<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>348</b>	<b>100.0</b>	<b>319,792</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2020 &amp; 2021 HMDA Aggregate Data, "--" data not available.</i>							
<i>Due to rounding, totals may not equal 100.0%</i>							

## **Borrower Profile**

The distribution of borrowers reflects good penetration among business customers of different sizes and retail customers of different income levels. This conclusion is supported by good small business and home mortgage lending performance.

### **Small Business Loans**

CTBC's distribution of borrowers reflects good penetration among businesses of different revenue sizes. While CTBC's lending to businesses with gross annual revenues of \$1 million or less trailed both demographic and aggregate data in 2020 and 2021, the overall performance reflects good penetration.

In 2020, the bank's performance was 69.8 percentage points below the percentage of business data, and 22.2 percentage points below aggregate data. The bank's 2021 small business lending performance was 67.5 percentage points below the percentage of businesses, and 22.2 percentage

points below aggregate data. Lending performance was slightly above its 2019 performance and significantly below the percentage of business data.

The number of SBA PPP loans originated by the institution negatively affected performance in 2020 and 2021. Although not required to do so, the bank did not report gross annual revenues, so examiners were unable to analyze lending to small businesses. Of the 344 loans made to small businesses in 2020, 255 were under the SBA PPP, and of the 312 loans to small business in 2021, 232 were under the SBA PPP. To neutralize the impact of SBA PPP lending, examiners adjusted the performance ratio by excluding PPP loans from the total lending volume. When SBA PPP loans were excluded from the analysis for 2020 and 2021, lending penetration improved to 75.3 percent and 90 percent, respectively, slightly below demographic data. Lending in both years shows an upward trend from previous performance.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Assessment Area: Los Angeles</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2020	89.3	41.7	67	19.5	3,214	8.0
2021	90.6	45.3	72	23.1	3,438	9.2
<b>&gt;\$1,000,000</b>						
2020	4.6	--	12	3.5	5,989	14.8
2021	3.8	--	6	1.9	3,778	10.1
<b>Revenue Not Available</b>						
2020	6.1	--	265	77.0	31,165	77.2
2021	5.6	--	234	75.0	30,316	80.8
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>344</b>	<b>100.0</b>	<b>40,368</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>--</b>	<b>312</b>	<b>100.0</b>	<b>37,532</b>	<b>100.0</b>
<i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### HMDA Loans

The distribution of borrowers reflects good penetration to LMI borrowers. While lending to low-income borrowers is below demographics in 2020 and 2021, it exceeded aggregate lending performance. Lending to moderate-income borrowers exceeded ACS demographic and aggregate data in 2020 and 2021. Low aggregate performance indicates there is limited lending opportunity to low-income borrowers.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: Los Angeles</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2020	24.4	2.5	11	3.3	1,626	0.6
2021	24.4	3.1	18	5.2	3,305	1.0
<b>Moderate</b>						
2020	16.3	7.2	37	11.1	11,097	4.3
2021	16.3	7.7	52	14.9	13,572	4.2
<b>Middle</b>						
2020	17.0	17.2	38	11.4	13,902	5.4
2021	17.0	16.4	11	3.2	3,409	1.1
<b>Upper</b>						
2020	42.3	57.6	152	45.8	107,469	41.5
2021	42.3	55.5	83	23.9	73,886	23.1
<b>Not Available</b>						
2020	0.0	15.5	94	28.3	125,060	48.3
2021	0.0	17.2	184	52.9	225,620	70.6
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>332</b>	<b>100.0</b>	<b>259,154</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>348</b>	<b>100.0</b>	<b>319,792</b>	<b>100.0</b>

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

### **Community Development Loans**

CTBC is a leader in making CD loans in the AA. Refer to the following table. The institution's CD lending in the AA increased since the previous evaluation, where CTBC was also a leader in making CD loans with 48 CD loans totaling \$318.1 million. On an annualized basis, the institution's CD lending decreased by 15.6 percent. The majority of CD loans targeted economic development efforts, followed by affordable housing and community services. CTBC's performance was stronger than one similar institution and comparable to another. Overall, CTBC was responsive to the identified needs of the community.

<b>Community Development Lending – Los Angeles AA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2020	1	1,600	2	400	14	56,369	-	-	17	58,369
2021	4	3,835	-	-	30	131,336	-	-	34	135,171
2022	4	20,915	1	200	20	112,168	-	-	25	133,283
YTD 2023	2	4,910	-	-	4	19,245	-	-	6	24,155
<b>Total</b>	<b>11</b>	<b>31,260</b>	<b>3</b>	<b>600</b>	<b>68</b>	<b>319,118</b>	<b>-</b>	<b>-</b>	<b>82</b>	<b>350,978</b>
<i>Source: Bank Records</i>										

Listed below are some examples of qualified CD loans made by the bank within this AA.

- The bank made a \$1.6 million loan to finance and provide funds for construction of three new units with rents that are below the HUD Fair Market Rent for the area.
- The Bank financed a \$3.3 million acquisition of an owner-occupied office/warehouse commercial property under the SBA 7(a) program. A total of 10 new jobs were created and 70 jobs will be retained as a result of the loan.
- The bank renewed a \$200,000 line of credit to a community development non-profit organization that provides micro-loans for LMI entrepreneurs.

## **INVESTMENT TEST**

The institution has an adequate level of qualified CD investments and grants in the Los Angeles AA. The institution exhibits adequate responsiveness to credit and CD needs. The institution makes limited use of complex investments.

### **Investment and Grant Activity**

CTBC has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. Since the previous evaluation, CTBC’s investments increased by dollar from \$29.7 million to \$30.9 million. On an annualized basis, the institution’s CD investments and grants decreased by 20.3 percent since the previous evaluation where the bank’s performance was also adequate. Bank performance is comparable to, but does not lead peer institutions operating in the AA. The following table details the bank’s qualified investment and grant activity by year and CD purpose.

<b>Qualified Investments – Los Angeles AA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	18	22,008	-	-	2	500	-	-	20	22,508
2020	-	-	-	-	1	1,700	-	-	1	1,700
2021	1	2,601	-	-	-	-	-	-	1	2,601
2022	2	3,678	-	-	-	-	-	-	2	3,678
YTD 2023	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>21</b>	<b>28,287</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>2,200</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>30,487</b>
Qualified Grants & Donations	18	80	50	339	10	55	3	15	81	490
<b>Total</b>	<b>39</b>	<b>28,367</b>	<b>50</b>	<b>339</b>	<b>13</b>	<b>2,255</b>	<b>3</b>	<b>15</b>	<b>105</b>	<b>30,977</b>
<i>Source: Bank Records</i>										

Listed below are some examples of a qualified investment and donations made by the bank within this AA.

- In 2022, the bank increased an existing investment commitment from \$500,000 to \$5.0 million. The investment involves a minority-led Community Development Financial Institution that provides economic opportunities for small business owners and their underserved communities.
- In 2022, the bank donated \$17,000 to an organization that provides support to student financial literacy programs. Approximately 68% of the students served come from LMI families.
- In 2021, the bank donated \$2,000 to an organization that provides shelter and core services to LMI immigrants and residents.

**Responsiveness to Credit and Community Development Needs**

The institution exhibits adequate responsiveness to the credit and CD needs of the AA. A substantial majority of the AA’s investments supported affordable housing, which is a primary CD need for the AA. Since the previous evaluation, the institution’s new and prior period affordable housing investments decreased slightly from \$29.7 million to \$28.3 million.

**Community Development Initiatives**

CTBC occasionally uses innovative and/or complex investments to support CD initiatives. Refer to California rated area for detail.

## **SERVICE TEST**

Delivery systems are accessible to essentially all portions of the Los Angeles AA. 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. Services, including business hours, do not vary in a way that inconveniences certain portions of the AA. CTBC employees provided an adequate level of CD services.

### **Accessibility of Delivery Systems**

Delivery systems are accessible to essentially all portions of the AA. CTBC operates 12 full-service branches in the Los Angeles AA. Three of the bank's branches and ATMs are located in moderate-income CTs. The accessibility of the bank's products and services to LMI CTs is enhanced by its alternative delivery systems, which mirrors the bank's overall performance. These alternative delivery systems include internet and mobile banking. Additionally, the bank offers low-cost accounts. Examiners were able to geocode and identify 2,553 customers located within the bank's AA that opened low-cost accounts during the evaluation period. Of those customers, 247, or 9.6 percent, are located in LMI geographies. The banking services that CTBC offers benefit LMI geographies.

### **Changes in Branch Locations**

To the extent changes have been made, CTBC's opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies or to LMI individuals. During the evaluation period, CTBC opened 1 branch in a middle-income CT and 3 branches in upper-income CTs. The bank did not close or relocate any branches in the AA.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences certain portions of the AA, particularly in LMI geographies and individuals. Branch hours are Monday through Thursday from 9:00 a.m. to 4:00 p.m., and do not vary significantly. Eleven branches offer extended hours on Friday, and 9 branches are open on Saturdays. CTBC's services, including alternative delivery services, are available at each full-service branch and are consistent with the discussion at the overall institution level.

### **Community Development Services**

CTBC provides an adequate level of CD services in Los Angeles. Service hours decreased by 37.3 percent since the previous evaluation where, at 2,062 service hours, CTBC also had an adequate level of CD service hours. The current evaluation's review period was 34 months compared to the previous evaluation's review period of 26 months. As a result, examiners analyzed the percentage in CD service hours on an annualized basis for consistency purposes. Examiners noted that the institution's CD service hours decreased by 22.4 percent on an annualized basis since the previous evaluation. Bank performance is comparable to, but does not lead peer institutions operating in the AA. The majority of services provided consisted of community service activities targeted to LMI

individuals and families. Bank employees also provided qualified services to support economic development, and, to a lesser degree, affordable housing and revitalization and stabilization efforts. Economic development and affordable housing were both identified as AA needs. The following table details CTBC’s CD service activity by year and CD purpose.

<b>Community Development Services – Los Angeles AA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020	15	187	30	2	<b>234</b>
2021	41	388	78	20	<b>526</b>
2022	7	382	122	21	<b>531</b>
YTD 2023	-	-	-	-	-
<b>Total</b>	<b>63</b>	<b>957</b>	<b>230</b>	<b>43</b>	<b>1,293</b>
<i>Source: Bank Records</i>					

Listed below are some notable examples of CD services provided in the AA.

- In 2022, bank employees volunteered service hours to present financial literacy information to small business owners. Bank employees presented information on the SBA, the different loan programs offered, and eligibility requirements to small business owners.
- In 2020, 2021, and 2022, a bank employee served on an advisory committee for an affordable housing organization that assists low-income families with housing and financial education.
- In 2020 and 2021, bank employees volunteered service hours with an organization that creates affordable housing opportunities and provides financial education to LMI individuals.



## NORTHERN CALIFORNIA ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NORTHERN CALIFORNIA ASSESSMENT AREA

The Northern CA AA encompasses a contiguous area consisting of Alameda, San Francisco, San Mateo, and Santa Clara Counties, which are contained within the San Jose-San Francisco-Oakland, CA CSA.

#### **Economic and Demographic Data**

According to the 2015 ACS Census data, the Northern CA AA contains 124 low-, 225 moderate-, 354 middle-, 370 upper-income CTs, and 15 CTs with no income designation. The following table shows select demographic, housing, and business data for the AA.

<b>Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Northern CA</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	1,088	11.4	20.7	32.5	34.0	1.4
Population by Geography	5,042,626	10.7	21.6	34.3	32.9	0.4
Housing Units by Geography	1,892,562	10.5	20.0	34.1	34.8	0.6
Owner-Occupied Units by Geography	929,600	4.6	15.7	35.7	43.8	0.1
Occupied Rental Units by Geography	863,768	16.4	24.7	32.6	25.3	0.9
Vacant Units by Geography	99,194	15.2	18.8	31.7	33.1	1.2
Businesses by Geography	541,290	10.8	17.6	30.4	40.5	0.8
Farms by Geography	6,845	8.7	17.9	34.4	38.7	0.3
Family Distribution by Income Level	1,155,897	24.6	15.7	18.2	41.6	0.0
Household Distribution by Income Level	1,793,368	26.6	14.7	16.3	42.4	0.0
Median Family Income MSA - 36084 Oakland-Berkeley-Livermore, CA		\$93,822	Median Housing Value			\$707,125
Median Family Income MSA - 41884 San Francisco-San Mateo-Redwood City, CA		\$103,742	Median Gross Rent			\$1,588
Median Family Income MSA - 41940 San Jose-Sunnyvale-Santa Clara, CA MSA		\$107,126	Families Below Poverty Level			7.0%
<i>Source: 2015 ACS and 2021 D&amp;B Data                      Due to rounding, totals may not equal 100.0%                      (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

## Unemployment

The Bureau of Labor Statistics (BLS) provides data on changes in unemployment rates. Unemployment rates in California and the United States significantly increased from 2019 to 2020, with the state unemployment rate consistently higher than the national average year over year. In 2020, the AA, state, and nation experienced significant increases in unemployment rates due to the onset of the COVID-19 pandemic.

The following table illustrates the unemployment rates for the AA by MSAs, California, and nationwide for 2019, 2020, and 2021.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>%</b>	<b>%</b>	<b>%</b>
SF-Oakland-Berkeley MSA			
Oakland-Berkeley-Livermore MD	3.0	8.9	6.2
San Francisco-San Mateo-Redwood City MD	2.2	7.5	4.9
San Jose-Sunnyvale-Santa Clara MSA	5.3	7.2	14.0
State of CA	4.1	10.3	7.4
National Average	3.7	8.1	5.4

*Source: Bureau of Labor Statistics/Moody's Analytics*

Examiners obtained the following economic information from Moody's Analytics.

### San Francisco – Oakland – Hayward MSA

According to the Moody's Analytics report of December 2022, the San Francisco – Oakland – Hayward economy has currently been in an at-risk stage. Overall job growth has slowed as many tech layoffs have affected the market. Due to many tech firms expanding rapidly during COVID-19 to meet demand, as things go back to normal these layoffs were inevitable to correct over-hiring. There has been a sharp housing price correction in the area, as housing sales have decreased to near-historic lows and inventories are starting to increase after hitting a historic low last year. Housing affordability continues to be low as the prices remain elevated. Top employers in the area are University of California, San Francisco, Genentech Inc., Wells Fargo Bank, Oracle America Inc., and Salesforce.com Inc.

### San Jose – Sunnyvale – Santa Clara MSA

According to Moody's Analytics as of August 2022, the San Jose-Sunnyvale-Santa Clara MSA is experiencing a recovery stage in the business cycle. The employment rate has been recovering, as well as three-quarters of the private sector industries continuing to add jobs. Unemployment has fallen below the prerecession rate with pressure to add more to the labor force. Home sales have slowed amidst supply constraints and decreasing affordability. The MSA's house affordability levels falls slightly below California. Despite high inflation, households are more likely to have sizable savings, and per capita income is above California and the U.S. The region's top employers include Cisco Systems Inc.; Alphabet Inc.; eBay Inc.; Lockheed Martin Corporation; and Intel Corporation.

## **Competition**

The Northern CA AA is highly competitive for financial services. According to the June 30, 2022 FDIC Deposit Market Share Report, 69 banks operate 991 branches and share \$782.6 billion in deposits within the area. The top 4 institutions control 71.8 percent of the AA's deposit market share with a combined \$562 billion in deposits. The four most prominent financial institutions are Bank of America, Silicon Valley Bank, Wells Fargo, and First Republic Bank. According to the same data, CTBC operates 3 branches that maintain \$1.5 billion in deposits, representing 0.19 percent of the AA's deposits and ranking the institution 23rd in the AA based on deposit market share.

## **Community Contact(s)**

Examiners reviewed a recent community contact during this evaluation. The community contact was conducted with a small business development center (SBDC) that serves the San Francisco MSA. The contact described how housing and living costs in the MSA remain high. The COVID-19 pandemic caused many small businesses to close. However; the organization has seen more businesses starting up again. The contact indicated that the U.S. is recovering from the pandemic, and there is a large need for small business assistance. More affordable capital from financial institutions would mean small business owners are not forced to resort to high-rate credit cards or lenders. The contact mentioned there are many opportunities for local financial institutions to participate in financial coaching and workshop programs within the SBDC. The contact did not name any specific financial institutions that have participated, mentioning they would like to see more participation from local financial institutions.

Examiners also reviewed a recent community contact conducted with an affordable housing organization based in Santa Clara County. The organization offers a variety of housing types, property management, and property development. The contact indicated that Santa Clara is still recovering from the COVID-19 pandemic and has been in good shape. Technology companies are strong and hiring while unemployment decreased. Rent has also been increasing. The contact noted a shortage in affordable housing and construction labor. The contact identified a need for more tax-exempt bonds, which would allow more opportunities to develop new properties. Due to limited tax-exempt bonds, there is competition amongst developers, impeding affordable housing construction. The contact indicated that the county aims to avoid oversaturating major LMI neighborhoods with affordable housing developments. San Jose has the most need, but the supply of affordable housing should also be extended to include the cities of Mountain View and Palo Alto. The contact indicated there are many opportunities for local financial institutions to participate in CD projects.

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

Based on information from the community contacts, bank management, and the demographic and economic data, examiners determined that small business lending, particularly micro-lending, and affordable housing are the most significant credit needs in the AA. Although affordable housing represents a critical CD need of the AA, opportunities are limited due to low supply, limited space, and high cost. Given the low housing

supply and lack of affordable housing, there will be a continued need to assist and retain the LMI population of the AA through CD activities.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN NORTHERN CA**

### **LENDING TEST**

Lending levels within the Northern California AA reflect good responsiveness. The geographic distribution reflects good penetration. The distribution of borrowers reflects good penetration. CTBC made an adequate number of CD loans in the AA.

#### **Lending Activity**

Lending levels reflect good responsiveness to the AA credit needs. CTBC originated or purchased 116 home mortgage loans totaling \$101.7 million; 175 small business loans totaling \$20.6 million; and 12 CD loans totaling \$37.9 million during this evaluation period.

In 2020, CTBC ranked 67<sup>th</sup> out of 289 lenders that reported 183,104 originated or purchased small business loans in the AA, giving the bank a market share of .05 percent by number, and .09 percent by dollar volume. In 2021, CTBC ranked 68<sup>th</sup> out of 269 lenders that reported 195,122 originated or purchased small business loans in the AA, giving the bank a market share of .04 percent by number, and 0.15 percent by dollar volume.

The number of small business loans originated or purchased by the bank increased since the prior evaluation period. Market share by number and the bank's overall ranking increased, along with the total small business loans in the market and total lenders. Small business lending volume substantially increased in 2020 and 2021, with most loans made under the SBA PPP program. Of the 90 small business loans originated in 2020, 60 of them were made under the SBA PPP program. Of the 85 small business loans originated in 2021, 59 of them were SBA PPP loans.

In 2020, CTBC ranked 232<sup>nd</sup> out of 760 lenders that reported 299,386 originated or purchased home mortgage loans in the AA, giving the bank a market share of .03 percent by number, and .04 percent by dollar volume. In 2021, CTBC ranked 293<sup>rd</sup> out of 769 lenders that reported 316,458 originated or purchased home mortgage loans in the AA, giving the bank a market share of .01 percent by number, and .01 percent by dollar volume.

In 2020, the number of mortgage loans originated or purchased by the bank substantially increased, and in 2021, the number of loans dropped to 2019 levels. CTBC's market share ranking also increased in 2020 and dropped in 2021.

#### **Geographic Distribution**

The institution's geographic distribution of loans reflects good penetration throughout the AA. Good penetration of small business loans and excellent penetration of HMDA loans supports this conclusion.

## Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the AA. Across both years of analysis, bank performance in low-income CTs exceeded the percentage of businesses and available aggregate data. Lending in moderate-income CTs is slightly below demographic and aggregate data in both years and decreased from previous performance where the bank's performance was also below demographic and aggregate data. Overall, lending in moderate-income CTs reflects an increase from previous performance. This increase in the number of loans during 2020 and 2021 is primarily due to the bank's participation in the SBA PPP.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Assessment Area: Northern CA</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2020	10.7	10.9	12	13.3	664	7.3
2021	10.8	10.3	11	12.9	1,286	11.2
Moderate						
2020	17.4	18.3	12	13.3	990	10.9
2021	17.6	18.6	13	15.3	1,345	11.7
Middle						
2020	30.5	32.0	39	43.3	4,348	47.9
2021	30.4	32.7	30	35.3	3,961	34.5
Upper						
2020	40.6	38.2	27	30.0	3,077	33.9
2021	40.5	37.9	31	36.5	4,905	42.7
Not Available						
2020	0.8	0.6	0	0.0	0	0.0
2021	0.8	0.5	0	0.0	0	0.0
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>90</b>	<b>100.0</b>	<b>9,079</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>85</b>	<b>100.0</b>	<b>11,497</b>	<b>100.0</b>

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

## HMDA Loans

The geographic distribution of HMDA loans reflects excellent penetration throughout the AA. Across both years of analysis, bank performance in low- and moderate-income CTs exceeded the percentage of owner-occupied housing and aggregate data. Lending in low-income CTs has trended

downward since the previous performance, while lending in moderate-income CTs has shown an upward trend.

<b>Geographic Distribution of Home Mortgage Loans</b>						
<b>Assessment Area: Northern CA</b>						
<b>Tract Income Level</b>	<b>% of Owner-Occupied Housing Units</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2020	4.6	4.2	9	12.0	3,828	5.2
2021	4.6	4.6	3	7.3	890	3.2
Moderate						
2020	15.7	15.6	30	40.0	18,806	25.5
2021	15.7	15.6	16	39.0	7,112	25.3
Middle						
2020	35.7	37.2	18	24.0	41,695	56.6
2021	35.7	35.5	11	26.8	7,066	25.2
Upper						
2020	43.8	42.8	18	24.0	9,364	12.7
2021	43.8	44.1	11	26.8	12,990	46.3
Not Available						
2020	0.1	0.2	0	0.0	0	0.0
2021	0.1	0.3	0	0.0	0	0.0
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>75</b>	<b>100.0</b>	<b>73,693</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>	<b>28,057</b>	<b>100.0</b>

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

## **Borrower Profile**

The distribution of borrowers reflects good penetration among business customers of different sizes and retail customers of different income levels. This conclusion is supported by good small business performance and excellent home mortgage lending performance.

### **Small Business**

CTBC's distribution of borrowers reflects good penetration among businesses of different revenue sizes. While CTBC's lending to businesses with gross annual revenues of \$1 million or less trailed both demographic and aggregate data in 2020 and 2021, performance is good overall.

In 2020, the bank's performance was 60.6 percentage points below the percentage of business data, and 16.8 percentage points below aggregate data. The bank's 2021 small business lending

performance was 62.5 percentage points below the percentage of businesses, and 21.9 percentage points below aggregate data. Lending performance was slightly below its 2019 performance and significantly below the percentage of business data.

The number of SBA PPP loans originated by the institution negatively affected performance in 2020 and 2021. Although not required to do so, the bank did not report gross annual revenues, so examiners were unable to analyze lending to small businesses. Of the 90 loans made to small businesses in 2020, 60 were under the SBA PPP, and of the 85 loans to small business in 2021, 59 were under the SBA PPP. To neutralize the impact of SBA PPP lending, examiners adjusted the performance ratio by excluding SBA PPP loans from the total lending. When SBA PPP loans were excluded from the analysis for 2020 and 2021, lending penetration improved to 80 percent and 84.6 percent, respectively, slightly below demographic data, but in line with 2019 performance.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Assessment Area: Northern CA</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2020	87.3	43.5	24	26.7	805	8.9
2021	88.4	47.8	22	25.9	905	7.9
<b>&gt;\$1,000,000</b>						
2020	5.2	--	1	1.1	121	1.3
2021	4.6	--	2	2.4	2,000	17.4
<b>Revenue Not Available</b>						
2020	7.5	--	65	72.2	8,153	89.8
2021	7.0	--	61	71.8	8,592	74.7
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>90</b>	<b>100.0</b>	<b>9,079</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>--</b>	<b>85</b>	<b>100.0</b>	<b>11,497</b>	<b>100.0</b>

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

### HMDA Loans

The distribution of borrowers reflects excellent penetration to LMI borrowers. While lending to low-income borrowers is below ACS demographic data in both years, it exceeded aggregate lending performance. Lending to moderate-income borrowers exceeded ACS demographic and aggregate data in both years. Low aggregate performance indicates there is limited lending opportunity to low-income borrowers.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: Northern CA</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low						
2020	24.6	3.6	7	9.3	2,236	3.0
2021	24.6	4.7	7	17.1	1,853	6.6
Moderate						
2020	15.7	11.2	15	20.0	5,956	8.1
2021	15.7	11.1	11	26.8	3,441	12.3
Middle						
2020	18.2	21.1	21	28.0	11,447	15.5
2021	18.2	19.3	4	9.8	2,003	7.1
Upper						
2020	41.6	55.4	27	36.0	13,738	18.6
2021	41.6	54.6	8	19.5	8,736	31.1
Not Available						
2020	0.0	8.6	5	6.7	40,316	54.7
2021	0.0	10.4	11	26.8	12,024	42.9
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>75</b>	<b>100.0</b>	<b>73,693</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>41</b>	<b>100.0</b>	<b>28,057</b>	<b>100.0</b>

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

### **Community Development Loans**

CTBC made an adequate number of CD loans in the AA. Refer to the following table. The institution's CD lending in the AA increased by number and decreased by dollar volume since the previous evaluation, where CTBC had an adequate level of CD loans with 9 CD loans totaling \$38.6 million. On an annualized basis, the institution's CD lending decreased by 24.8 percent. A substantial majority of CD loans were targeted to economic development efforts, followed by affordable housing and revitalization and stabilization. Overall, CTBC was responsive to the identified needs of the community.



<b>Community Development Lending – Northern CA AA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2020	1	3,285	-	-	3	9,236	-	-	4	12,521
2021	1	1,400	-	-	3	7,652	1	3,800	5	12,852
2022	-	-	-	-	3	12,600	-	-	3	12,600
YTD 2023	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2</b>	<b>4,685</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>29,488</b>	<b>1</b>	<b>3,800</b>	<b>12</b>	<b>37,973</b>
<i>Source: Bank Records</i>										

Below are some notable examples of CD lending in the AA.

- In 2020, CTBC Bank provided a \$3.3 million loan to refinance a 111-unit multifamily property in San Mateo, CA. Under the City's Inclusionary Affordable Housing Program, 11 of the 111 units (9.91%) are set aside for LMI families.
- In 2022, the bank refinanced a \$7 million construction line of credit for a new mixed-use property that includes a 236 room hotel. The line of credit will allow the completion of the project which will create 144 new jobs, 137 of which are to LMI individuals.
- In 2020, the bank made a \$1.1 million SBA PPP loan to a for-profit electrical equipment and component manufacturer to help retain jobs for 45 LMI individuals.

## **INVESTMENT TEST**

The institution has a significant level of qualified CD investments and grants in the Northern California AA. The institution exhibits adequate responsiveness to credit and CD needs. The institution occasionally uses innovative and/or complex investments.

### **Investment and Grant Activity**

CTBC has a significant level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. Since the previous evaluation, CTBC's investments increased by dollar volume from \$5.6 million to \$10.4 million. On an annualized basis, the institution's CD investments and grants increased 40.4 percent since the previous evaluation where the bank's performance was adequate. Bank performance is comparable to, but does not lead peer institutions operating in the AA. The following table details the bank's qualified investment and grant activity by year and CD purpose.

Qualified Investments – Northern CA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	4	3,173	-	-	-	-	-	-	4	3,173
2020	-	-	-	-	-	-	-	-	-	-
2021	1	1,847	-	-	-	-	-	-	1	1,847
2022	2	5,242	-	-	-	-	-	-	2	5,242
YTD 2023	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>7</b>	<b>10,262</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>10,262</b>
Qualified Grants & Donations	10	59	22	84	16	55	-	-	48	198
<b>Total</b>	<b>17</b>	<b>10,321</b>	<b>22</b>	<b>84</b>	<b>16</b>	<b>55</b>	<b>-</b>	<b>-</b>	<b>55</b>	<b>10,460</b>

*Source: Bank Records*

Listed below are some notable examples of a qualified investment and donations made by the bank within this AA.

- In 2021 and 2022, the bank invested a total of \$7.1 million in mortgage-backed securities to support the development of affordable housing in the Northern California AA.
- In 2022, CTBC Bank donated \$5,000 to an organization that supports services for homeless individuals. The mission of the organization is to provide free, legal advocacy to unhoused and disabled residents of Alameda County.
- In 2022, the bank donated \$10,000 to an organization that makes loans and grants to increase the supply of affordable housing and assist first-time homebuyers.

### **Responsiveness to Credit and Community Development Needs**

The institution exhibits adequate responsiveness and commitment to credit and CD needs throughout the review period by supporting affordable housing needs, which was the primary CD need for the California AAs. The bank’s qualified investments in affordable housing in California increased from \$5.7 million at the previous evaluation to \$10.3 million at the current evaluation. During the review period, CTBC also demonstrated responsiveness to the economic development needs in the California AAs by making \$55,000 in economic development donations. This represented an increase from the \$11,000 in qualified economic development donations at the prior evaluation.

### **Community Development Initiatives**

CTBC occasionally uses innovative and/or complex investments to support CD initiatives. The bank’s qualified investments are useful and promote CD within its AAs; however, they are not considered innovative or complex. New investments consist of mortgage-backed securities.

## **SERVICE TEST**

Delivery systems are accessible to essentially all portions of the Northern California AA. No changes have been made in the institution's opening and closing of branches or have adversely affected the accessibility of its delivery systems. Services, including business hours, do not vary in a way that inconveniences certain portions of the AA. CTBC employees provided an adequate level of CD services.

### **Accessibility of Delivery Systems**

Delivery systems are accessible to essentially all portions of the AA. CTBC operates three full-service branches and ATMs in the Northern CA AA. One branch and ATM is located in a low-income CT and 2 branches and ATMs are located in upper-income CTs. The bank enhances its accessibility of products and services to LMI CTs through its alternative delivery systems, which mirror the bank's overall performance. These alternative delivery systems include internet and mobile banking. The bank also offers low-cost accounts. Examiners were able to geocode and identify 603 customers located within the bank's AA that opened low-cost accounts during the evaluation period. Of those customers, 88, or 15 percent, are located in LMI geographies. The banking services that CTBC offers benefit LMI geographies.

### **Changes in Branch Locations**

During the evaluation period, no branches were opened or closed in the AA; therefore, this criterion was not considered under the Service Test.

### **Reasonableness of Business Hours and Services**

Services, including business hours, do not vary in a way that inconveniences certain portions of the AA, particularly to LMI geographies and individuals. Branch hours are Monday through Thursday from 9:00 a.m. to 4:00 p.m., and do not vary. The branches offer extended hours on Friday and are open on Saturdays. CTBC services, including alternative delivery services, are available at each full-service branch and are consistent with the discussion at the overall institution level.

### **Community Development Services**

CTBC provides an adequate level of CD services in Northern California. Overall, service hours decreased 14.8 percent since the prior evaluation, while annualized service hours increased by 5.3 percent. Bank performance is comparable to, but does not lead peer institutions operating in the AA. The majority of services provided consisted of community service activities targeted to LMI individuals and families. Bank employees also provided qualified services to support economic development, and to a lesser degree affordable housing. Economic development and affordable housing were both identified as AA needs. The following table details CTBC's CD service activity by year and CD purpose.

<b>Community Development Services – Northern CA AA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020	3	40	4	-	<b>47</b>
2021	6	120	55	-	<b>181</b>
2022	5	110	24	-	<b>139</b>
YTD 2023	-	-	-	-	-
<b>Total</b>	<b>14</b>	<b>270</b>	<b>83</b>	-	<b>367</b>
<i>Source: Bank Records</i>					

The following are some notable examples of CD services provided in the AA.

- In 2022, bank employees volunteered service hours to present financial literacy information to small business owners. Bank employees presented information on the SBA, the different loan programs offered, and eligibility requirements to small business owners.
- In 2021, a bank employee volunteered service hours at a non-profit that provides childcare and other social services to LMI families. The bank employee presented a financial education workshop on the importance of saving to 30 LMI individuals.
- In 2021, bank employees volunteered service hours to present financial education to LMI students with limited educational opportunities. Bank employees participated in a career networking event.

## NEW YORK

### CRA RATING FOR NEW YORK: SATISFACTORY

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: Low Satisfactory

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEW YORK

CTBC operates two branches in the state of New York with each branch providing a full range of banking services. The New York AA encompasses the contiguous area consisting of the counties of Kings, Queens, and New York, which is contained in the New York-Jersey City-White Plains, NY-NJ MD.

#### Economic and Demographic Data

According to the 2015 ACS Census data, the New York AA contains 145 low-, 463 moderate-, 554 middle-, 500 upper-income CTs, and 56 CTs with no income designation. The following table shows select demographic, housing, and business data for the AA.

Demographic Information of the Assessment Area						
Assessment Area: New York						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	1,718	8.4	26.9	32.2	29.1	3.3
Population by Geography	6,525,905	11.2	30.7	28.4	29.5	0.3
Housing Units by Geography	2,723,760	9.8	27.3	26.3	36.2	0.3
Owner-Occupied Units by Geography	785,357	2.8	17.3	33.9	45.7	0.2
Occupied Rental Units by Geography	1,677,492	13.6	32.5	23.3	30.2	0.4
Vacant Units by Geography	260,911	6.7	24.2	22.1	46.6	0.4
Businesses by Geography	932,742	7.0	21.9	21.7	46.6	2.8
Farms by Geography	3,566	4.9	18.3	21.7	53.1	2.0
Family Distribution by Income Level	1,423,260	30.4	16.1	15.8	37.8	0.0
Household Distribution by Income Level	2,462,849	30.0	14.3	15.4	40.4	0.0
Median Family Income MSA - 35614 New York-Jersey City-White Plains, NY-NJ		\$67,560	Median Housing Value			\$593,392
			Median Gross Rent			\$1,417
			Families Below Poverty Level			15.7%
<i>Source: 2015 ACS and 2021 D&amp;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>						

## Unemployment

The Bureau of Labor Statistics (BLS) provides data on changes in unemployment rates. Unemployment rates in New York and the United States significantly increased from 2019 to 2020, with the state unemployment rate increasing slightly higher than the national average year over year. In 2020, the AA, state, and nation experienced significant increases in unemployment rates due to the onset of the COVID-19 pandemic.

The following table illustrates the unemployment rates for the AA by MSA, New York, and nationwide for 2019, 2020, and 2021.

Unemployment Rates			
Area	2019	2020	2021
	%	%	%
New York – Newark – Jersey City MSA			
New York – Jersey City – White Plains MD	3.3	10.3	7.3
State of NY	3.5	9.8	6.9
National Average	3.7	8.1	5.4

Examiners obtained the following economic information from Moody's Analytics.

### New York-New Jersey-White Plains

According to the Moody's Analytics report of December 2022, the New York – Newark – Jersey City economy has been in a recovery stage. There has been a rapid rise in interest rates as big banks have been reporting weak earnings, contributing to layoffs in the finance industry as well as the tech industry. There have been an increase in changes regarding the hybrid/remote work arrangements which has contributed to the lack of demand for office usage, pushing vacancies sharply higher. Housing affordability continues to decrease with the housing affordability for the area being lower than the New York and US average. Top employers in the area are Montefiore Health System, Mount Sinai Health System, JPMorgan Chase & Co, Bank of America, and New York – Presbyterian Healthcare System.

### Competition

The New York AA is highly competitive for financial services. According to the June 30, 2022 FDIC Deposit Market Share Report, the AA has 106 financial institutions operating 1,280 branches with a total of \$1.9 trillion in deposits. The top institutions operating in the AA include JPMorgan Chase Bank, NA; Goldman Sachs Bank USA; The Bank of New York Mellon; and Bank of America, NA. Collectively these financial institutions have a 68 percent deposit market share. CTBC maintains \$546.6 million in deposits, representing 0.03 percent of the AA deposit market share, and ranks 55<sup>th</sup> among competing financial institutions.

### Community Contacts

Examiners contacted a third party active within the institution's AA to identify credit and CD needs. Examiners contacted a representative of an economic development corporation headquartered in Brooklyn, NY. While the organization primarily serves the Brooklyn area, it also extends its services throughout the five boroughs of New York City. The contact noted that many small businesses are experiencing challenges brought upon by the COVID-19 pandemic. While the SBA's PPP provided assistance, businesses need continued financial support through small business loans. Overall, the contact reported that financial institutions are responsive to the AA's credit needs. The organization, along with the help of financial institutions, will support the smaller and newer entrepreneurs in the New York City area.

Examiners reviewed a recent community contact during this evaluation. The contact was a local affordable housing organization to identify the area's credit needs. The contact cited affordable housing as an urgent AA credit need in general, particularly for low- and moderate-income families. The contact noted that the local housing market is strained, with an influx of new residents, primarily families and individuals relocating from the New York City metro area during and after the COVID pandemic. Rising housing costs were further worsened by the lack of new housing being built, which keeps supply and availability low, as well as current local planning and zoning laws that inhibit housing development, which is supported by residents. Additionally, the contact stated that the housing stock is aging and there is a need for rehabilitation and improvement loans for needed repairs and maintenance.

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

Considering the information from the community contacts, bank management, and demographic and economic data, examiners determined that both affordable housing and small business loans, including start-up financing, micro lending and working capital lending, represent primary credit needs for the New York AA.

### **SCOPE OF EVALUATION – NEW YORK**

Examiners evaluated the New York AA using full-scope examination procedures. Examiners analyzed small business and home mortgage loans for the AA, with greatest consideration given to small business loans. Refer to the institution-wide Scope of Evaluation section for additional information.

### **CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW YORK**

#### **LENDING TEST**

Lending levels within the New York AA reflect adequate responsiveness. The geographic distribution and distribution of borrowers reflects good penetration. CTBC is a leader in making CD loans in the AA.

#### **Lending Activity**

Lending levels reflect adequate responsiveness to the AA credit needs. CTBC originated or purchased 115 home mortgage loans totaling \$114.5 million; 191 small business loans totaling \$13 million; and 19 CD loans totaling \$93.8 million during this evaluation period.

In 2020, CTBC ranked 76<sup>th</sup> out of 377 lenders that reported 254,110 originated or purchased small business loans in the AA, giving the bank a market share of .04 percent by number, and 0.06 percent by dollar volume. In 2021, CTBC ranked 80<sup>th</sup> out of 361 lenders that reported 296,212 originated or purchased small business loans in the AA, giving the bank a market share of .03 percent by number, and .05 percent by dollar.

The number of small business loans originated or purchased by the bank increased since the prior evaluation period. Market share by number and the bank's overall ranking remained consistent. The number of total small business loans in the market increased, along with the number of total lenders. Small business lending volume substantially increased in 2020 with most loans made under the SBA PPP program. Of the 108 small business loans originated in 2020, 85 of them were made under the SBA PPP program. Of the 83 small business loans originated in 2021, 64 of them were SBA PPP loans.



In 2020, CTBC ranked 127<sup>th</sup> out of 380 lenders that reported 77,046 originated or purchased home mortgage loans in the AA, giving the bank a market share of .07 percent by number, and .12 percent by dollar volume. In 2021, CTBC ranked 138<sup>th</sup> out of 403 lenders that reported 102,083 originated or purchased home mortgage loans in the AA, giving the bank a market share of .06 percent by number, and .04 percent by dollar volume.

The number of mortgage loans originated or purchased by the bank since the previous evaluation remained consistent and CTBC's market share by number and the bank's overall ranking also remained consistent. The number of total mortgage loans in the market and the number of total lenders increased slightly.

### **Geographic Distribution**

The institution's geographic distribution of loans reflects good penetration throughout the AA. Good penetration of small business loans and excellent penetration of HMDA loans support this conclusion.

#### **Small Business Loans**

The geographic distribution of small business loans reflects good penetration throughout the AA. Across both years of analysis, bank performance in low- and moderate-income CTs exceeded percentage of businesses and available aggregate data. Lending in low income CTs went down in 2020 and increased slightly in 2021, below previous performance levels. Lending in moderate-income CTs has increased from previous performance where the bank's performance was adequate. The increase in the number of loans during 2020 and 2021 is primarily due to the bank's participation in the SBA PPP.

<b>Geographic Distribution of Small Business Loans</b>						
<b>Assessment Area: New York</b>						
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2020	6.5	6.9	30	27.8	711	9.4
2021	7.0	7.0	26	31.3	666	12.2
<b>Moderate</b>						
2020	20.5	19.6	41	38.0	2,782	36.7
2021	21.9	21.8	35	42.2	2,953	53.9
<b>Middle</b>						
2020	20.7	20.1	18	16.7	783	10.3
2021	21.7	22.9	12	14.5	664	12.1
<b>Upper</b>						
2020	49.3	50.3	19	17.6	3,297	43.5
2021	46.6	45.5	10	12.0	1,192	21.8
<b>Not Available</b>						
2020	3.1	3.1	0	0.0	0	0.0
2021	2.8	2.8	0	0.0	0	0.0
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>108</b>	<b>100.0</b>	<b>7,573</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>83</b>	<b>100.0</b>	<b>5,475</b>	<b>100.0</b>
<i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### HMDA Loans

The geographic distribution of HMDA loans reflects excellent penetration throughout the AA. Across both years of analysis, bank performance in low- and moderate-income CTs exceeded percentage of owner-occupied housing and available aggregate data. Lending in low and moderate-income CTs has trended downward since the previous evaluation.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: New York						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	2.8	3.9	4	7.0	2,190	2.7
2021	2.8	4.0	5	8.6	2,378	7.0
Moderate						
2020	17.3	17.5	19	33.3	16,798	20.9
2021	17.3	18.1	22	37.9	10,127	29.8
Middle						
2020	33.9	31.2	18	31.6	48,512	60.2
2021	33.9	29.8	16	27.6	8,500	25.0
Upper						
2020	45.7	47.2	16	28.1	13,064	16.2
2021	45.7	47.9	15	25.9	12,947	38.1
Not Available						
2020	0.2	0.3	0	0.0	0	0.0
2021	0.2	0.2	0	0.0	0	0.0
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>57</b>	<b>100.0</b>	<b>80,564</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>58</b>	<b>100.0</b>	<b>33,951</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2020 &amp; 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

## **Borrower Profile**

The distribution of borrowers reflects good penetration among business customers of different sizes and retail customers of different income levels. This conclusion is supported by good small business and adequate home mortgage lending performance.

### **Small Business**

CTBC's distribution of borrowers reflects good penetration among businesses of different revenue sizes. CTBC's lending to businesses with gross annual revenues of \$1 million or less trailed both demographic and aggregate data in 2020 and 2021. In 2020, the bank's performance was 76 percentage points below the percentage of business data, and 19.3 percentage points below aggregate data. The bank's 2021 small business lending performance was 73.3 percentage points below the percentage of businesses, and 17.2 percentage points below aggregate data. Lending performance was slightly above its 2019 performance and significantly below the percentage of business data.

The number of PPP loans originated by the institution negatively affected performance in 2020 and 2021. Although not required to, the bank did not report gross annual revenues, so examiners were unable to analyze lending to small businesses. Of the 108 loans made to small businesses in 2020, 85 were under the SBA PPP, and of the 83 loans to small business in 2021, 64 were under the SBA PPP. To neutralize the impact of SBA PPP lending, examiners adjusted the performance ratio by excluding SBA PPP loans from the total lending. When SBA PPP loans were excluded from the analysis for 2020 and 2021, lending penetration improved to 69.6 percent and 78.9 percent, respectively, below demographic data, but in line with 2019 performance.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Assessment Area: New York</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
2020	90.8	34.1	16	14.8	160	2.1
2021	91.4	35.3	15	18.1	150	2.7
<b>&gt;\$1,000,000</b>						
2020	4.6	--	3	2.8	2,255	29.8
2021	3.6	--	1	1.2	750	13.7
<b>Revenue Not Available</b>						
2020	4.6	--	89	82.4	5,158	68.1
2021	5.0	--	67	80.7	4,575	83.6
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>108</b>	<b>100.0</b>	<b>7,573</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>--</b>	<b>83</b>	<b>100.0</b>	<b>5,475</b>	<b>100.0</b>

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

### HMDA Loans

The distribution of borrowers reflects adequate penetration to LMI borrowers. While lending to low-income borrowers is below demographics in both years, it exceeded aggregate lending performance. Lending to moderate-income borrowers also exceeded aggregate lending in both years, exceeded ACS demographics in 2020 and was slightly below ACS demographics in 2021. Low aggregate performance indicates there is limited lending opportunity to low-income borrowers. Lending in LMI CTs showed a downward trend.

Distribution of Home Mortgage Loans by Borrower Income Level						
Assessment Area: New York						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	30.4	1.2	9	15.8	3,953	4.9
2021	30.4	1.4	6	10.3	2,098	6.2
Moderate						
2020	16.1	4.9	14	24.6	5,560	6.9
2021	16.1	5.9	9	15.5	2,578	7.6
Middle						
2020	15.8	15.0	12	21.1	5,227	6.5
2021	15.8	16.3	18	31.0	8,223	24.2
Upper						
2020	37.8	61.8	15	26.3	9,318	11.6
2021	37.8	61.8	18	31.0	11,553	34.0
Not Available						
2020	0.0	17.0	7	12.3	56,507	70.1
2021	0.0	14.6	7	12.1	9,500	28.0
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>57</b>	<b>100.0</b>	<b>80,564</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>58</b>	<b>100.0</b>	<b>33,952</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2020 &amp; 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### **Community Development Loans**

CTBC is a leader in making CD loans in the AA. Refer to the following table. The institution's CD lending in the AA increased substantially by number and dollar since the previous evaluation, where CTBC had an adequate level of CD loans with six CD loans totaling \$15.8 million. On an annualized basis, the institution's CD lending increased by 354.1 percent. The majority of CD loans were targeted to economic development efforts, followed by revitalization and stabilization and affordable housing. Overall, CTBC was responsive to the identified needs of the community.

Community Development Lending – New York AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020	2	7,812	-	-	1	5,000	1	6,000	4	18,812
2021	1	3,880			3	6,120	1	24,000	5	34,000
2022	1	795			5	30,000	1	4,000	7	34,795
YTD 2023	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>4</b>	<b>12,487</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>41,120</b>	<b>3</b>	<b>34,000</b>	<b>16</b>	<b>87,607</b>
<i>Regional Activities</i>	-	-	-	-	1	1,025	-	-	1	1,025
<i>Statewide Activities</i>	-	-	-	-	1	3,183	1	2,000	2	5,183
<b>Total</b>	<b>4</b>	<b>12,487</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>45,328</b>	<b>4</b>	<b>36,000</b>	<b>19</b>	<b>93,815</b>
<i>Source: Bank Records</i>										

Listed below are some notable examples of qualified CD loans made by the bank within this AA.

- In 2021, the bank originated a \$24.0 million loan to finance the acquisition of a shopping center located in a moderate- income census tract which includes a grocery store as the anchor tenant. The retail center helps to stabilize the surrounding LMI census tracts.
- In 2022, the bank made a \$4 million loan to refinance a mixed-used strip mall that includes a grocery store as an anchor tenant. The food market helps to stabilize a moderate-income census tract.
- In 2020, the bank renewed a \$5 million line of credit to a small business that employs 14 LMI individuals.

Listed below are examples of qualified CD loans made at the statewide and regional levels.

- In 2020, the bank made a \$2 million statewide loan to renovate a vacant building in a low-income CT. Loan proceeds were used to create 37 LMI jobs.
- In 2020, the bank made one regional SBA PPP loan for \$1.1 million to a hotel that employs 326 LMI individuals.

## INVESTMENT TEST

The institution has a significant level of qualified CD investments and grants in the New York AA. The institution exhibits adequate responsiveness to credit and CD needs. The institution occasionally uses complex investments.

**Investment and Grant Activity**

CTBC has a good level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. Since the previous evaluation, CTBC’s investments increased by dollar volume from \$2.4 million to \$5.3 million. On an annualized basis, the institution’s CD investments and grants increased 68.7 percent since the previous evaluation where the bank’s performance was adequate. The following table details the bank’s qualified investment and grant activity by year and CD purpose.

<b>Qualified Investments – New York AA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	20	1,750	-	-	-	-	-	-	20	1,750
2020	-	-	-	-	-	-	-	-	-	-
2021	1	3,475	-	-	-	-	-	-	1	3,475
2022	-	-	-	-	-	-	-	-	-	-
YTD 2023	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>21</b>	<b>5,225</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>5,225</b>
Qualified Grants & Donations	6	53	12	70	-	-	-	-	18	123
<b>Total</b>	<b>27</b>	<b>5,278</b>	<b>12</b>	<b>70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>5,348</b>
<i>Source: Bank Records</i>										

Listed below are some examples of a qualified investment and donations made by the bank within this AA.

- In 2021, the bank invested \$3.4 million in mortgage-backed securities to support the development of affordable housing in the New York AA.
- In 2021, the bank donated \$7,500 to an organization that supports affordable homeownership programs by delivering homebuyer education and financial coaching to LMI individuals and families.
- In 2022, the bank donated \$5,000 to a nonprofit organization that provides financial education to LMI students.

**Responsiveness to Credit and Community Development Needs**

The institution exhibits adequate responsiveness and commitment to credit and CD needs throughout the review period by supporting affordable housing needs, which was a primary CD need for the New York AA. The bank’s qualified investments in affordable housing in New York increased from \$2.4 million at the previous evaluation to \$5.3 million at the current evaluation. During the review period, CTBC also demonstrated responsiveness to LMI needs in the New York AA by providing \$70,000 in community services grants. This represented an increase from the \$25,000 in community services grants at the prior evaluation.

## **Community Development Initiatives**

The institution occasionally uses innovative and complex investments to support CD initiatives. During the evaluation period, CTBC purchased 1 new mortgage backed security fund investment totaling \$3.5 million, and has prior-period mortgage backed securities with outstanding amounts totaling \$1.7 million. Mortgage-backed securities are not innovative or complex and are commonly provided by private investors.

## **SERVICE TEST**

Delivery systems are accessible to essentially all portions of the New York AA. No changes have been made in the institution's opening and closing of branches or have adversely affected the accessibility of its delivery systems. Services, including business hours, do not vary in a way that inconveniences certain portions of the AA. CTBC employees provided an adequate level of CD services.

## **Accessibility of Delivery Systems**

Delivery systems are accessible to essentially all portions of the AA. CTBC operates two full-service branches and ATMs in the New York AA. One of the bank's branches and ATMs in the AA is located in a moderate-income CT and one branch and ATM is located in an upper-income CT. The accessibility of the bank's products and services to LMI CTs is also enhanced by its alternative delivery systems, which mirrors the bank's overall performance. These alternative delivery systems include internet banking and mobile banking. Additionally, the bank offers low-cost accounts. Examiners were able to geocode and identify 660 customers located within the bank's AA that opened low-cost accounts during the evaluation period. Of those customers, 300, or 45 percent, are located in LMI geographies. The banking services that CTBC offers benefit LMI geographies.

## **Changes in Branch Locations**

During the evaluation period, no branches were opened or closed in the AA; therefore, this criterion was not considered under the Service Test.

## **Reasonableness of Business Hours and Services**

The products and services offered at the branches office located in this AA are similar to those offered bank-wide and do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and/or individuals. Branch hours are considered convenient and comparable to other local financial institutions. General banking hours are from 8:30 a.m. to 4:00 p.m. Monday through Friday. The branches are open on Saturdays from 10:00 a.m. to 2:00 p.m.



**Community Development Services**

CTBC provides an adequate level of CD services in New York. The total number of service hours decreased compared to the prior evaluation of 257 hours, and performance decreased 48.5 percent in annualized hours during the review period. Bank performance is comparable to, but does not lead peer institutions operating in the AA. The majority of services provided consisted of community service activities targeted to LMI individuals and families. Bank employees also provided qualified services to support affordable housing. Affordable housing was identified as an AA need. The following table details CTBC’s CD service activity by year and CD purpose.

<b>Community Development Services – New York AA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020	-	1	-	-	<b>1</b>
2021	4	50	-	-	<b>54</b>
2022	4	48	-	-	<b>52</b>
YTD 2023	-	-	-	-	-
<b>Total</b>	<b>8</b>	<b>99</b>	-	-	<b>107</b>
<i>Source: Bank Records</i>					

Listed below are some examples of qualified CD services performed by the bank within this AA.

- In 2021 and 2022, bank employees volunteered service hours with a nonprofit organization that teaches LMI students financial education, entrepreneurship, and work readiness.
- In 2021 and 2022, bank employees volunteered service hours to provide career and financial education at a school where the majority of students are eligible for free and reduced lunch programs.
- In 2021, a bank employee volunteered financial education service hours with a CDFI that revitalizes underserved neighborhoods by connecting residents to affordable housing.

## NEW JERSEY

### CRA RATING FOR NEW JERSEY: SATISFACTORY

The Lending Test is rated: Low Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: Low Satisfactory

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEW JERSEY

CTBC operates one full-service branch in the state of New Jersey. The New Jersey AA encompasses the entirety of Middlesex County, which is contained in the New York-Jersey City-White Plains, NY-NJ MD.

#### Economic and Demographic Data

According to the 2015 ACS Census data, the New Jersey AA contains 12 low-, 26 moderate-, 97 middle-, and 40 upper-income CTs. The following table shows select demographic, housing, and business data for the AA.

Demographic Information of the Assessment Area						
Assessment Area: New Jersey						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	175	6.9	14.9	55.4	22.9	0.0
Population by Geography	830,300	7.5	15.1	54.1	23.3	0.0
Housing Units by Geography	297,940	6.6	16.4	54.0	22.9	0.0
Owner-Occupied Units by Geography	181,312	1.9	13.1	55.0	29.9	0.0
Occupied Rental Units by Geography	100,746	14.5	21.7	52.6	11.2	0.0
Vacant Units by Geography	15,882	9.9	20.4	52.1	17.6	0.0
Businesses by Geography	93,886	5.9	12.3	54.3	27.5	0.0
Farms by Geography	1,239	7.3	13.6	50.1	29.0	0.0
Family Distribution by Income Level	205,038	15.0	12.9	17.4	54.7	0.0
Household Distribution by Income Level	282,058	18.2	12.5	16.0	53.4	0.0
Median Family Income MSA - 35154 New Brunswick-Lakewood, NJ		\$95,564	Median Housing Value			\$322,910
			Median Gross Rent			\$1,320
			Families Below Poverty Level			6.4%

*Source: 2015 ACS and 2021 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.*

## Unemployment

The Bureau of Labor Statistics (BLS) provides data on changes in unemployment rates. Unemployment rates in New Jersey and the United States significantly increased from 2019 to 2020, with the state unemployment rate higher than the national average in 2019, lower in 2020, and on par in 2021. In 2020, the AA, state, and nation experienced significant increases in unemployment rates due to the onset of the COVID-19 pandemic.

The following table illustrates the unemployment rates for the AA by county, New Jersey, and nationwide for 2019, 2020, and 2021.

<b>Unemployment Rates</b>			
<b>Area</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b>%</b>	<b>%</b>	<b>%</b>
New Brunswick – Lakewood, NJ MD			
Middlesex County	3.6	6.4	3.7
State of NJ	3.9	7.2	5.4
National Average	3.7	8.1	5.4
<i>Source: BLS</i>			

The following economic data was obtained from Moody’s Analytics.

### New York-New Jersey-White Plains

According to the Moody’s Analytics report of February 2023, the New Jersey economy has been in an expansion stage. Although there has been a decrease in job gains, the healthcare and logistics industries continued to perform well. There has been a decrease in jobs in the financial and professional services industries. The unemployment rate continues to hold steady below 4%. The housing prices for single-family homes have begun to fall although New Jersey’s housing market is less overvalued than the surrounding areas. The financial industry regarding banks have been facing many job cuts to keep the industry payrolls on a downward trend. There has been a trend in out-migration as residents continue to depart New Jersey for more low-cost states. Top employers in the area are Wakefern, Walmart, Inc., United Parcel Service Inc., Verizon Communications, and Johnson & Johnson.

## Competition

The New Jersey AA is highly competitive for financial services. According to the June 30, 2022 FDIC Deposit Market Share Report, the AA has 36 financial institutions operating 232 branches with a total of \$53.7 billion in deposits. The top institutions operating in the AA include PNC Bank, NA; Bank of America, NA; Wells Fargo Bank, NA; and TD Bank, NA. Collectively these financial institutions have a 60.7 percent deposit market share. CTBC maintains \$105.6 million in deposits, representing 0.2 percent of the AA deposit market share, and ranks 29<sup>th</sup> among competing financial institutions.

## **Community Contacts**

Examiners reviewed two existing community contacts during this evaluation. The first community contact was an economic development organization that provides financial assistance to small businesses to help retain and attract businesses. The organization provides credit counseling to low- and moderate-income borrowers in the AA. The contact indicated that small business lending was a primary credit need. According to the contact, there are not enough banking products available to help small businesses as they lack the collateral expectations in order to obtain a loan.

Examiners also reviewed an affordable housing contact. The contact identified access to affordable housing as a primary area need. According to the contact, the affordable housing stock is limited, with few opportunities to develop more units. The contact expressed the need for more flexible loan programs to help low- and moderate-income individuals and families achieve homeownership. The contact stated that opportunities for local financial institutions to provide resources to low- and moderate-income families and individuals include providing financial literacy courses. Additionally, the contact noted that making more donations and investments to affordable housing organizations would help increase access to affordable housing.

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

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that affordable housing and economic development are the primary CD needs, and flexible home and small business loan programs are the primary credit needs in this AA. Innovative programs offering principal reduction mortgage modifications or down payment assistance would benefit low- and moderate-income individuals and families in the AA. Additionally, the limited availability of affordable housing reflects a need for the construction of affordable housing units. There is also a need for financial education and technical assistance, particularly for first-time homebuyers and small business owners.

## **SCOPE OF EVALUATION – NEW JERSEY**

Examiners evaluated the New Jersey AA using full-scope examination procedures. Examiners analyzed small business and home mortgage loans for the AA, with greatest consideration given to small business loans. Refer to the institution-wide Scope of Evaluation section for additional information.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW JERSEY**

### **LENDING TEST**

Lending levels within the New Jersey AA reflect good responsiveness. The geographic distribution and distribution of borrowers reflects adequate penetration. CTBC made an adequate number of CD loans in the AA.

## **Lending Activity**

Lending levels reflect good responsiveness to the AA credit needs. CTBC originated or purchased 28 home mortgage loans totaling \$6.6 million; 53 small business loans totaling \$4.7 million; and 11 CD loans totaling \$76.8 million during this evaluation period.

In 2020, CTBC ranked 71<sup>st</sup> out of 190 lenders that reported 28,565 originated or purchased small business loans in the AA, giving the bank a market share of .09 percent by number, and .06 percent by dollar volume. In 2021, CTBC ranked 63<sup>rd</sup> out of 175 lenders that reported 31,350 originated or purchased small business loans in the AA, giving the bank a market share of .08 percent by number, and 0.2 percent by dollar volume.

The number of small business loans originated or purchased by the bank increased since the prior evaluation period. While market share by number and the bank's overall ranking increased, the number of total small business loans in the market decreased along with the total number of lenders. Small business lending volume substantially increased in 2020 and 2021, with most loans made under the SBA PPP program. Of the 27 small business loans originated in 2020, 20 of them were made under the SBA PPP program. Of the 26 small business loans originated in 2021, 21 of them were SBA PPP loans.

In 2020, CTBC ranked 252<sup>nd</sup> out of 490 lenders that reported 40,095 originated or purchased home mortgage loans in the AA, giving the bank a market share of .02 percent by number, and .02 percent by dollar volume. In 2021, CTBC ranked 173<sup>rd</sup> out of 513 lenders that reported 41,074 originated or purchased home mortgage loans in the AA, giving the bank a market share of .05 percent by number, and .03 percent by dollar volume.

Throughout the evaluation period, the number of mortgage loans originated or purchased by the bank consistently increased. CTBC's market share ranking improved since the prior evaluation, and is on an upward trend.

## **Geographic Distribution**

The institution's geographic distribution of loans reflects adequate penetration throughout the AA. Adequate penetration of small business loans and HMDA loans supports this conclusion.

### **Small Business Loans**

The geographic distribution of small business loans reflects adequate penetration throughout the AA. Across both years of analysis, bank performance in low-income CTs exceeded the percentage of businesses and aggregate data, while lending in moderate-income CTs was below the percentage of businesses and aggregate data. Lending levels increased since the previous evaluation. The increase in the number of loans during 2020 and 2021 is primarily due to the bank's participation in the SBA PPP. Overall, the bank's performance is reasonable, after considering the bank's performance and low volume of small business loans in the New Jersey AA.

Geographic Distribution of Small Business Loans						
Assessment Area: New Jersey						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	6.1	4.8	2	7.4	20	1.8
2021	5.9	4.9	2	7.7	20	0.7
Moderate						
2020	11.8	11.4	1	3.7	10	0.9
2021	12.3	12.2	1	3.8	267	8.9
Middle						
2020	54.4	54.8	15	55.6	549	50.7
2021	54.3	54.2	15	57.7	708	23.7
Upper						
2020	27.8	29.0	9	33.3	504	46.5
2021	27.5	28.7	8	30.8	1,991	66.7
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>1,083</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>26</b>	<b>100.0</b>	<b>2,986</b>	<b>100.0</b>
<i>Source: 2020 &amp; 2021 D&amp;B Data; Bank Data; 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### HMDA Loans

The geographic distribution of HMDA loans reflects adequate penetration throughout the AA. Across both years of analysis, bank performance in low- and moderate-income CTs exceeded the percentage of owner-occupied housing and aggregate data. Lending in low and moderate-income CTs is consistent with the previous evaluation and showing an upward trend.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: New Jersey						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2020	1.9	1.7	1	12.5	192	9.3
2021	1.9	2.4	1	5.0	245	5.4
Moderate						
2020	13.1	10.0	2	25.0	407	19.7
2021	13.1	11.0	4	20.0	868	19.2
Middle						
2020	55.0	51.1	4	50.0	1,006	48.9
2021	55.0	52.9	11	55.0	2,572	56.9
Upper						
2020	29.9	37.3	1	12.5	455	22.1
2021	29.9	33.7	4	20.0	837	18.5
Not Available						
2020	0.0	0.0	0	0.0	0	0.0
2021	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>2,059</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>4,521</b>	<b>100.0</b>

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

## **Borrower Profile**

The distribution of borrowers reflects adequate penetration among business customers of different sizes and retail customers of different income levels. This conclusion is supported by adequate small business and adequate home mortgage lending performance.

### **Small Business Loans**

CTBC's distribution of borrowers reflects adequate penetration among businesses of different revenue sizes. While CTBC's lending to businesses with gross annual revenues of \$1 million or less trailed both demographic and aggregate data in 2020 and 2021, overall performance is adequate.

In 2020, the bank's performance was 61.8 percentage points below the percentage of business data, and 14.4 percentage points below aggregate data. The bank's 2021 small business lending performance was 77.8 percentage points below the percentage of businesses, and 31 percentage points

below aggregate data. Lending performance was slightly below its 2019 performance and significantly below the percentage of business data.

The number of SBA PPP loans originated by the institution negatively affected performance in 2020 and 2021. Although they were not required to, the bank did not report gross annual revenues, so examiners were unable to analyze lending to small businesses. Of the 27 loans made to small businesses in 2020, 20 were under the SBA PPP, and of the 26 loans to small business in 2021, 21 were under the SBA PPP. To neutralize the impact of SBA PPP lending, examiners adjusted the performance ratio by excluding SBA PPP loans from the total lending. When SBA PPP loans were excluded from the analysis for 2020 and 2021, lending penetration improved to 85.7 percent and 60 percent, respectively, slightly above demographic data in 2020 and below demographic data in 2021.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Assessment Area: New Jersey</b>						
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000						
2020	84.0	36.6	6	22.2	60	5.5
2021	89.3	42.5	3	11.5	30	1.0
>\$1,000,000						
2020	6.8	--	0	0.0	0	0.0
2021	4.5	--	2	7.7	1,717	57.5
Revenue Not Available						
2020	9.3	--	21	77.8	1,023	94.5
2021	6.3	--	21	80.8	1,239	41.5
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>1,083</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>--</b>	<b>26</b>	<b>100.0</b>	<b>2,986</b>	<b>100.0</b>

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

### HMDA Loans

The distribution of borrowers reflects adequate penetration to LMI borrowers. While lending to low-income borrowers is below demographics in 2020, it exceeded aggregate lending performance. Lending to moderate-income borrowers also exceeded aggregate lending in both years, and exceeded ACS demographics in 2020 and 2021. Low aggregate performance indicates there is limited lending opportunity to low-income borrowers. Lending in LMI CTs is showing an upward trend.



<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>						
<b>Assessment Area: New Jersey</b>						
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>Aggregate Performance % of #</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>Low</b>						
2020	15.0	4.5	1	12.5	187	9.1
2021	15.0	5.2	4	20.0	787	17.4
<b>Moderate</b>						
2020	12.9	16.7	4	50.0	928	45.1
2021	12.9	19.1	13	65.0	2,888	63.9
<b>Middle</b>						
2020	17.4	24.1	2	25.0	489	23.8
2021	17.4	25.5	1	5.0	213	4.7
<b>Upper</b>						
2020	54.7	36.2	0	0.0	0	0.0
2021	54.7	34.5	1	5.0	257	5.7
<b>Not Available</b>						
2020	0.0	18.5	1	12.5	455	22.1
2021	0.0	15.6	1	5.0	377	8.3
<b>Totals</b>						
<b>2020</b>	<b>100.0</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>2,059</b>	<b>100.0</b>
<b>2021</b>	<b>100.0</b>	<b>100.0</b>	<b>20</b>	<b>100.0</b>	<b>4,521</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2020 &amp; 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### **Community Development Loans**

CTBC made an adequate number of CD loans in the AA. Refer to the following table. The institution's CD lending in the AA increased by number and dollar since the previous evaluation, where CTBC had an adequate level of CD loans at 2 CD loans totaling \$32 million. On an annualized basis, the institution's CD lending increased by 81.2 percent. All of the CD loans were targeted to economic development efforts. Overall, CTBC was responsive to the identified needs of the small business community.

Community Development Lending – New Jersey AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020	-	-	-	-	2	11,037	-	-	2	11,037
2021	-	-	-	-	3	30,200	-	-	3	30,200
2022	-	-	-	-	2	22,000	-	-	2	22,000
YTD 2023	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	-	-	-	-	<b>7</b>	<b>63,237</b>	-	-	<b>7</b>	<b>62,237</b>
<i>Statewide Activities</i>	-	-	-	-	4	13,588	-	-	4	13,588
<b>Total</b>	-	-	-	-	<b>11</b>	<b>76,825</b>	-	-	<b>11</b>	<b>76,825</b>
<i>Source: Bank Records</i>										

Listed below are examples of qualified CD loans made by the bank within this AA.

- In 2020, the bank renewed a line of credit to provide working capital to help support business operations and grow a business in a moderate-income CT in Edison, NJ. The business has 75 employees, all of which are LMI. The line of credit allowed the business to expand and retain positions.
- In 2020, the bank made a \$1.2 million SBA PPP loan to a for-profit cabinet company to help retain jobs for 122 LMI individuals.
- In 2022, the bank increased a \$7 million line of credit which a business used to purchase more inventory and grow the business. The increased line of credit helped the business retain 63 LMI jobs.

Listed below is an example of a qualified CD loan made at the statewide level.

- In 2021, the bank made a statewide SBA PPP loan for \$1.1 million to a hotel that employs 73 LMI individuals.

## INVESTMENT TEST

The institution has a significant level of qualified CD investments and grants in the New Jersey AA. The institution exhibits adequate responsiveness to credit and CD needs. The institution occasionally uses innovative and/or complex investments.

### Investment and Grant Activity

CTBC has a good level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors. Since the previous evaluation, CTBC's investments increased by dollar from \$1.4 million to \$4.3 million. On an annualized basis, the institution's CD investments and grants increased 124.4 percent since the

previous evaluation where the bank’s performance was adequate. The following table details the bank’s qualified investment and grant activity by year and CD purpose.

<b>Qualified Investments – New Jersey AA</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Prior Period	2	2,272	-	-	-	-	-	-	2	2,272
2020	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-
2022	1	1,983	-	-	-	-	-	-	1	1,983
YTD 2023	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>3</b>	<b>4,255</b>	-	-	-	-	-	-	<b>3</b>	<b>4,255</b>
Qualified Grants & Donations	4	8	8	31	3	19	-	-	15	58
<b>Total</b>	<b>7</b>	<b>4,263</b>	<b>8</b>	<b>31</b>	<b>3</b>	<b>19</b>	-	-	<b>18</b>	<b>4,313</b>
<i>Source: Bank Records</i>										

Listed below are some examples of a qualified investment and donations made by the bank within this AA.

- In 2022, the bank invested \$1.9 million in mortgage-backed securities to support the development of affordable housing in the New Jersey AA.
- In 2022, CTBC Bank donated \$7,000 to an organization that finances community development projects in New Jersey, specifically Middlesex County. The organization has supported the creation or preservation of affordable housing units and jobs for LMI.
- In 2020, the bank donated \$5,000 to a nonprofit CDFI that provides financing and technical assistance in underserved and LMI communities.

**Responsiveness to Credit and Community Development Needs**

The institution exhibited adequate responsiveness and commitment to credit and CD needs throughout the review period to support affordable housing needs, which was the primary CD need for the New Jersey AA. The bank’s qualified investments in affordable housing in New Jersey increased from \$1.5 million at the previous evaluation to \$4.2 million at the current evaluation. During the review period, CTBC also demonstrated responsiveness to the economic development needs in the New Jersey AA by providing \$19,000 in economic development grants. This represented an increase as no qualified economic development investments and grants were made at the prior evaluation. The bank also made \$31,000 qualified community services grants and donations during the review period.

## **Community Development Initiatives**

The institution occasionally uses innovative and/or complex investments to support CD initiatives. During the evaluation period, CTBC purchased 1 new mortgage backed security fund investment totaling \$1.9 million, and has a prior-period mortgage backed security with an outstanding amount of \$2.3 million. Mortgage-backed securities are not innovative or complex and are commonly provided by private investors.

## **SERVICE TEST**

Delivery systems are accessible to essentially all portions of the New Jersey AA. No changes have been made in the institution's opening and closing of branches or have adversely affected the accessibility of its delivery systems. Services, including business hours, do not vary in a way that inconveniences certain portions of the AA. CTBC employees provided an adequate level of CD services.

## **Accessibility of Delivery Systems**

Delivery systems are accessible to essentially all portions of the AA. CTBC operates one full-service branch in the New Jersey AA. Refer to the following table. The bank's branch is located in a middle-income CT. The bank operates one ATM located at the branch. The accessibility of the bank's products and services to LMI CTs is enhanced by its alternative delivery systems, which mirrors the bank's overall performance. These alternative delivery systems include internet and mobile banking. Additionally, the bank offers low-cost accounts. Examiners were able to geocode and identify 138 customers located within the bank's AA that opened low-cost accounts during the evaluation period. Of those customers, 7, or 5 percent, are located in LMI geographies. The banking services that CTBC offers benefit LMI geographies.

## **Changes in Branch Locations**

During the evaluation period, no branches were opened or closed in the AA; therefore, this criterion was not considered under the Service Test.

## **Reasonableness of Business Hours and Services**

The products and services offered at the branch office located in this AA are similar to those offered bank-wide and do not vary in a way that inconveniences certain portions of the AA, particularly LMI geographies and/or individuals. Branch hours are considered convenient and comparable to other local financial institutions. General banking hours are from 8:30 a.m. to 4:00 p.m. Monday through Friday. The branch is open on Saturdays from 10:00 a.m. to 2:00 p.m.

## **Community Development Services**

CTBC provides an adequate level of CD services in New Jersey. While the total number of service hours decreased compared to the prior evaluation of 138 hours, performance increased 21.1 percent

in annualized hours during the review period. Bank performance is comparable to, but does not lead peer institutions operating in the AA. The majority of services provided consisted of community service activities targeted to LMI individuals and families. Bank employees also provided qualified services to support economic development and affordable housing. Economic development and affordable housing were both identified as AA needs. The following table details CTBC’s CD service activity by year and CD purpose.

<b>Community Development Services – New Jersey AA</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020	-	-	-	-	-
2021	1	34	1	-	<b>36</b>
2022	2	3	4	-	<b>9</b>
YTD 2023	-	-	-	-	-
<b>Subtotal</b>	<b>3</b>	<b>37</b>	<b>5</b>	<b>-</b>	<b>45</b>
<i>Statewide</i>	-	43	-	-	<b>43</b>
<b>Total</b>	<b>3</b>	<b>80</b>	<b>5</b>	<b>-</b>	<b>88</b>
<i>Source: Bank Records</i>					

Listed below are examples of qualified CD services performed by the bank within this AA.

- In 2021, 8 bank employees contributed 71.5 service hours to an organization that provides financial education for LMI students. In addition, one employee is a member of the organization’s Board of Directors.
- In 2022, bank employees volunteered service hours with a nonprofit organization that teaches LMI students financial education, entrepreneurship, and work readiness.
- In 2022, a bank employee volunteered service hours with a nonprofit CDFI that provides affordable housing financing and technical assistance in LMI and underserved communities.

## APPENDICES

### LARGE BANK PERFORMANCE CRITERIA

#### **Lending Test**

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

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

#### **Investment Test**

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

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

## Service Test

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

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

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

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

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

## SUMMARY OF RATINGS FOR RATED AREAS

<b>Rated Area</b>	<b>Lending Test</b>	<b>Investment Test</b>	<b>Service Test</b>	<b>Rating</b>
California	High Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory
New York	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
New Jersey	Low Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory



## 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.