

# **PUBLIC DISCLOSURE**

**October 6, 2025**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Commencement Bank  
RSSD # 3537897**

**1313 Broadway, Suite 400  
Tacoma, Washington, 98402**

**Federal Reserve Bank of San Francisco  
101 Market Street  
San Francisco, California 94105**

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

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## INSTITUTION RATING

### ***Institution's Community Reinvestment Act (CRA) Rating***

Commencement Bank is rated "SATISFACTORY"

The following table shows the performance ratings for the lending and community development tests.

PERFORMANCE LEVELS	PERFORMANCE TESTS	
	LENDING TEST	COMMUNITY DEVELOPMENT TEST
OUTSTANDING		
SATISFACTORY	X	X
NEEDS TO IMPROVE		
SUBSTANTIAL NONCOMPLIANCE		

The major factors supporting the institution's rating include:

- A reasonable loan-to-deposit ratio.
- A majority of the bank's loans originated within its assessment area.
- A reasonable distribution of small business loans by geography.
- A reasonable distribution of small business loans by business revenue size.
- An adequate level of responsiveness to the community needs of the assessment area.

## INSTITUTION

### *Description of Institution*

Commencement Bank (Commencement/bank), headquartered in Tacoma, Washington, reported total assets of \$681.5 million as of June 30, 2025. The bank is a wholly owned subsidiary of Commencement Bancorp Inc., a one bank holding company established in 2020. Commencement operates a network of five full-service branch offices, all located in the State of Washington. In addition to the bank's headquarters in Tacoma, the bank has branch offices in Enumclaw, Olympia, Auburn, and Gig Harbor. Since the last examination, the bank established two new branches, one in Auburn in 2020 and one in Gig Harbor in 2023.

Commencement is primarily a commercial lender with commercial lending comprising 70.7 percent of the bank's loan portfolio as of June 30, 2025. Commencement offers commercial real estate loans, commercial and industrial loans, business lines of credit, term loans, and government guaranteed Bureau of Indian Affairs and U.S. Department of Agriculture loans. Since the prior examination, the bank has also started offering U.S. Small Business Administration loans. Consumer loan products offered by the bank include personal loans, home equity loans and home equity lines of credit, and overdraft lines of credit. In addition, the bank offers a full range of deposit products including checking, savings, and money market accounts, as well as certificates of deposit and individual retirement accounts.

Exhibit 1 below represents the bank's loan portfolio as of June 30, 2025, according to the bank's Consolidated Reports of Condition and Income, which reflects the bank's commercial lending focus.

EXHIBIT 1 LOANS AND LEASES AS OF JUNE 30, 2025		
Loan Type	\$ ('000s)	%
Commercial/Industrial & Non-Farm Non-Residential Real Estate	362,233	70.7
Secured by 1-4 Family Residential Real Estate	63,778	12.4
Multi-Family Residential Real Estate	40,400	7.9
Construction and Land Development	20,176	3.9
Consumer Loans & Credit Cards	4,547	0.9
Farmland and Agriculture	1,554	0.3
All Other	19,852	3.9
<b>Total (Gross)</b>	<b>512,540</b>	<b>100</b>

Commencement did not face any legal or financial impediments during the review period that would have prevented it from helping to meet the credit needs of its assessment area consistent with its business strategy, financial capacity, size, and local economic conditions.

## Description of Pierce-Thurston-King Assessment Area

Commencement’s assessment area is comprised of Thurston County, Pierce County, and King County in their entirety. This is a change from the prior examination where the bank only took the southern portion of King County in addition to Thurston and Pierce counties. King County is part of the Seattle-Tacoma-Bellevue Metropolitan Division (MD). King County and Pierce County are part of the Seattle-Tacoma-Bellevue Metropolitan Statistical Area (MSA). Thurston County comprises the entirety of the Olympia-Lacey-Tumwater MSA. Both of these MSAs are part of the greater Seattle-Tacoma Combined Statistical Area.

The three-county assessment area is located in the Puget Sound region in Western Washington. With a population of 2.27 million people, King County is the most populated county in the state of Washington. Pierce County has a population of 921,130 and Thurston County has a population of 294,793.<sup>1</sup>

As of June 30, 2025, 46 Federal Deposit Insurance Corporation-insured commercial institutions operated 592 offices in the assessment area. Commencement operated five branches in the area, which had total deposits of \$599.9 million, representing 0.5 percent of the market.<sup>2</sup>

Exhibit 2 below details key demographic and business information used to help develop a performance context for the assessment area.

EXHIBIT 2 COMBINED DEMOGRAPHICS REPORT 2025 Pierce-Thurston-King Assessment Area								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	44	5.9	43,314	5.2	7,691	17.8	173,393	20.9
Moderate-income	154	20.5	159,295	19.2	14,704	9.2	146,997	17.7
Middle-income	316	42.1	364,735	43.9	17,224	4.7	178,673	21.5
Upper-income	220	29.3	259,241	31.2	6,052	2.3	331,812	39.9
Unknown-income	16	2.1	4,290	0.5	411	9.6	0	0
<b>Total Assessment Area</b>	<b>750</b>	<b>100.0</b>	<b>830,875</b>	<b>100.0</b>	<b>46,082</b>	<b>5.5</b>	<b>830,875</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	85,131	22,050	2.8	25.9	57,601	67.7	5,480	6.4
Moderate-income	277,450	130,524	16.5	47	131,321	47.3	15,605	5.6
Middle-income	612,968	363,728	45.9	59.3	215,215	35.1	34,025	5.6

<sup>1</sup> 2011-2015 U.S. Census Bureau American Community Survey, 2020 U.S. Census Bureau Decennial Census.

<sup>2</sup> Federal Deposit Insurance Corporation, Deposit Market Share Report, June 30, 2025; available from: <https://banks.data.fdic.gov/bankfind-suite/SOD/marketShare>.

Upper-income	424,916	272,190	34.4	64.1	130,952	30.8	21,774	5.1
Unknown-income	21,260	3,508	0.4	16.5	16,294	76.6	1,458	6.9
<b>Total Assessment Area</b>	<b>1,421,725</b>	<b>792,000</b>	<b>100.0</b>	<b>55.7</b>	<b>551,383</b>	<b>38.8</b>	<b>78,342</b>	<b>5.5</b>
	<b>Total Businesses by Tract</b>		<b>Businesses by Tract &amp; Revenue Size</b>					
			<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low-income	10,352	6.5	9,222	6.2	1,053	11.7	77	4.8
Moderate-income	30,739	19.3	28,546	19.2	1,914	21.3	279	17.4
Middle-income	66,745	42	62,251	42	3,822	42.5	672	42
Upper-income	49,731	31.3	47,062	31.7	2,110	23.5	559	34.9
Unknown-income	1,338	0.8	1,237	0.8	87	1	14	0.9
<b>Total Assessment Area</b>	<b>158,905</b>	<b>100.0</b>	<b>148,318</b>	<b>100.0</b>	<b>8,986</b>	<b>100.0</b>	<b>1,601</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>93.3</b>		<b>5.7</b>		<b>1.0</b>	
	<b>Total Farms by Tract</b>		<b>Farms by Tract &amp; Revenue Size</b>					
			<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low-income	44	2.5	44	2.6	0	0	0	0
Moderate-income	243	13.9	237	14	6	10.9	0	0
Middle-income	917	52.3	886	52.2	30	54.5	1	100
Upper-income	542	30.9	524	30.9	18	32.7	0	0
Unknown-income	6	0.3	5	0.3	1	1.8	0	0
<b>Total Assessment Area</b>	<b>1,752</b>	<b>100.0</b>	<b>1,696</b>	<b>100.0</b>	<b>55</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
<b>Percentage of Total Farms:</b>			<b>96.8</b>		<b>3.1</b>		<b>.1</b>	

**Economic Condition**

King County’s economy has been advancing at a solid pace based on stable job growth in manufacturing and a recent surge in employment in the healthcare and technology industries. King County includes established business leaders such as Microsoft and Amazon, as well as a host of other existing technology firms and startups. As illustrated in Exhibit 3 below, King County’s unemployment rate has stabilized over the last several years following the adverse impact of the coronavirus pandemic in 2020.

EXHIBIT 3 UNEMPLOYMENT RATES 2020 - 2024					
Area	2020	2021	2022	2023	2024
King County, WA	8.4%	4.6%	3.5%	3.9%	4.1%
Pierce County, WA	9.4%	5.4%	4.3%	4.4%	4.6%
Thurston County, WA	8.3%	5.1%	4.2%	4.1%	4.6%

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics

King County is home to the Port of Seattle, which is the largest port in the Pacific Northwest. Seattle is the third largest export market in the United States, with goods exported from Seattle totaling \$33.7 billion in 2024.<sup>3</sup> King County boasts a substantially higher average annual wage than the broader state average, and a median household income that has significantly increased in the period between 2015 and 2020, as detailed in Exhibit 4 below. In addition, King County’s advancing economy is fueled in part by a larger in-person office presence as employees of firms such as Amazon return to the corporate office for the full workweek, thereby increasing demand for local restaurants and shops given the increased foot traffic.<sup>4</sup>

EXHIBIT 4 MEDIAN FAMILY INCOME CHANGE 2015 & 2020			
Area	2015 Median Family Income	2020 Median Family Income	Percent Change
King County, WA	\$105,819	\$123,939	17.1%
Pierce County, WA	\$77,905	\$88,892	14.1%
Thurston County, WA	\$81,310	\$91,125	12.1%

Source: 2011 - 2015 U.S. Census Bureau American Community Survey  
2016 - 2020 U.S. Census Bureau American Community Survey  
Median Family Incomes have been inflation-adjusted and are expressed in 2020 dollars.

Pierce County’s economy is supported by various industries, including aerospace, health care, logistics and technology. Its government sector is bolstered by the Joint Base Lewis-McChord military base, which is the sector’s largest employer.<sup>5</sup> The county is a regional component of the Puget Sound economy and its proximity to King County provides its residents access to labor markets in both counties. At present, 25 to 30 percent of workers residing in Pierce County commute to King County for work.<sup>6</sup> Pierce County has felt the effects of a labor market slowdown, and slower job growth has led to the county’s unemployment rate to rise gradually as illustrated in Exhibit 3 above.

Thurston County’s reliance on state government jobs remains the backbone of its economy with a share of government jobs that is seven times higher than the U.S. average.<sup>7</sup> Thurston County’s proximity to the Joint Base Lewis-McChord military base provides a source of economic stability, as many of the base’s workers reside in Thurston County.<sup>8</sup> The healthcare industry is also a pillar of strength due to the county’s large senior population, while also drawing patients from smaller communities in southwest Washington.<sup>9</sup> These industries provide Thurston County with a large base of mid-wage jobs that is the highest in Washington and the third highest in the West.<sup>10</sup> As illustrated in Exhibit 5 on the following page, Thurston County’s has experienced a stronger population increase compared to King County, and

<sup>3</sup> U.S. Department of Commerce, International Trade Administration, Seattle Metro Report; available from: <https://www.trade.gov/data-visualization/metropolitan-area-export-tool>

<sup>4</sup> Moody’s Precise Report, Seattle-Bellevue-Everett, August 2025.

<sup>5</sup> State of Washington, Pierce County Profile; available from: <https://esd.wa.gov/jobs-and-training/labor-market-information/reports-and-research/labor-market-county-profiles/pierce-county-profile>

<sup>6</sup> Ibid.

<sup>7</sup> Moody’s Precise Report, Olympia-Lacey-Tumwater, August 2025

<sup>8</sup> Ibid

<sup>9</sup> Ibid

<sup>10</sup> Ibid

the county’s appeal as a predominantly middle-class place to live supports robust in-migration, boosting demand for consumer services and housing.<sup>11</sup>

EXHIBIT 5 POPULATION CHANGE 2015 & 2020			
Area	2015 Population	2020 Population	Percent Change
King County, WA	2,045,756	2,269,675	10.9%
Pierce County, WA	821,952	921,130	12.1%
Thurston County, WA	262,723	294,793	12.2%

Source: 2011-2015 U.S. Census Bureau American Community Survey  
2020 U.S. Census Bureau Decennial Census

### Credit and Community Development Needs

The economic data described above and feedback from community contacts indicate that there remains credit and community development needs in the assessment area. High housing costs and low rental affordability highlight the need for affordable housing development and financing within the assessment area. Information obtained from a community contact suggests that escalating housing costs make it increasingly difficult for people to rent or own homes, with many residents moving out of certain counties where they had hoped to buy their first home. According to the contact, many residents are also unable to pay rent due to rising rental costs, which puts additional pressure on affordable housing providers who are hesitant to commit to new housing development. Reduced government funding further highlights the need for community development loans to help build and maintain affordable housing units.

The contact stated that additional credit products and financial services are needed in the area to assist low-and moderate-income homebuyers with down payments. The contact indicated that assessment area financial institutions could further leverage local government programs that assist first time homeowners, thereby alleviating some of the financial insecurity faced by low-and moderate-income individuals attempting to qualify for a mortgage loan. According to the contact, there is also a need to assist non-banked residents in securing bank accounts. This need is especially important due to the increased migrant population in the area, who is hesitant to open bank accounts due to cultural restraints.

The prevalence of high housing costs, low-and moderate-income credit needs, and financial literacy educational needs highlight the importance of community service organizations within the bank’s assessment area. Based on these needs, there is an opportunity for financial institutions to support a wide range of community service organizations within the assessment area that address the aforementioned needs of those most vulnerable in the community.

<sup>11</sup> *ibid*

## ***Scope of Examination***

Commencement's performance was evaluated using the *Interagency Intermediate Small Institution CRA Examination Procedures*, which consist of the Lending and Community Development Tests. The evaluation period for the Lending Test was January 1, 2025, through June 30, 2025. There were insufficient volumes of home purchase, home improvement, refinance, and multifamily loans by the bank in its assessment area to perform a meaningful analysis. Accordingly, the bank's performance was based upon an analysis of its small business lending activity during the evaluation period. The evaluation period for the Community Development Test was June 30, 2018, through October 6, 2025. Commencement's responsiveness to consumer complaints was not evaluated since the bank did not receive any CRA-related complaints during the review period. The bank has one assessment area, comprised of King County, Pierce County, and Thurston County, which was subject to a full scope review.

### **LENDING TEST**

The lending test portion of the evaluation was based on the following performance criteria:

- Loan volume compared to deposits (Loan-to-Deposit Ratio)
- Lending inside versus outside of the assessment area (Lending in Assessment Area)
- Dispersion of lending throughout the assessment area (Lending Distribution by Geography)
- Lending to businesses of different revenue sizes (Lending Distribution by Business Revenue)

The Lending Test evaluation period was based on a representative sample of small business loans originated or renewed from January 1, 2025, through June 30, 2025. A total of 43 small business loans were considered in the evaluation of Lending in Assessment Area. Of that total, 25 small business loans were extended within the bank's assessment area and were used in the evaluation of Lending Distribution by Geography and Lending Distribution by Business Revenue.

### **COMMUNITY DEVELOPMENT TEST**

The Community Development Test included an evaluation of the responsiveness of Commencement's community development activities to community needs and opportunities as well as the bank's capacity to participate in such activities. The evaluation was based on qualified community development loans, investments, donations, and services from June 30, 2018, through October 6, 2025.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### Lending Test

Commencement’s overall performance under the Lending Test is satisfactory. The bank’s lending levels relative to its deposits are reasonable and a majority of small business loans were extended within the bank’s assessment area. The dispersion of loans in geographies of all income levels including low- and moderate-income areas is reasonable. The distribution of small business loans among businesses of different revenue sizes is also reasonable.

### LOAN-TO-DEPOSIT RATIO

Commencement’s Loan-to-Deposit (LTD) ratio is reasonable. Since the previous CRA examination, the bank’s average LTD ratio is 82.4 percent. This ratio is consistent with the state average and national peer LTD ratios of 90 percent and 80 percent, respectively.

In addition, Commencement was compared to four similarly situated institutions to evaluate its average LTD performance. The institutions were identified based on asset size, geographic location, and lending focus. Commencement’s LTD ratio was in the same range as the other institutions identified. Exhibit 6 below illustrates Commencement’s LTD ratio compared to the similarly situated institutions.

EXHIBIT 6 LTD RATIO COMPARISON		
Bank	Total Assets as of June 30, 2025 (\$000s)	Average Net LTD Ratio
Commencement	\$681.5	82.4%
Similarly Situated Institution #1	\$654.8	84.5%
Similarly Situated Institution #2	\$711.6	85.5%
Similarly Situated Institution #3	\$551.3	81.4%
Similarly Situated Institution #4	\$443	83.4%

### LENDING IN ASSESSMENT AREA

As depicted in Exhibit 7 below, a majority of the bank’s small business loans were originated within the bank’s assessment area. This distribution of loans demonstrates that the bank’s credit activities are focused within its assessment area.

EXHIBIT 7 LENDING INSIDE AND OUTSIDE THE ASSESSMENT AREA JANUARY 1, 2025 – JUNE 30, 2025								
Loan Type	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Small Business	25	58.1	3,641	34.8	18	41.9	6,834	65.2
<b>Total Loans</b>	<b>25</b>	<b>58.1</b>	<b>3,641</b>	<b>34.8</b>	<b>18</b>	<b>41.9</b>	<b>6,834</b>	<b>65.2</b>

## LENDING DISTRIBUTION BY GEOGRAPHY

Overall, Commencement’s geographic distribution of small business loans is reasonable. As reflected in Exhibit 8 below, the bank’s performance reflects reasonable penetration compared to the distribution of total businesses in the assessment area. During the review period, the bank generally extended loans in all geographic income categories other than low-income census tracts which comprise 6.5 percent of the assessment area. The performance evaluation focused on the bank’s lending performance in moderate-income tracts. As depicted in the exhibit, during the review period, Commencement originated seven loans, or 28 percent of its total business lending, in moderate-income census tracts. This performance compares favorably to the 19.3 percent of total businesses in the assessment area that are located in moderate-income census tracts.

EXHIBIT 8 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS 2025 Pierce-Thurston-King Assessment Area					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	6.5
Moderate	7	28.0	758	20.8	19.3
Middle	11	44.0	2,021	55.5	42.0
Upper	7	28.0	863	23.7	31.3
Unknown	0	0.0	0	0.0	0.8
Tract-Unk	0	0.0	0	0.0	
<b>Total</b>	25	100.0	3,641	100.0	100.0

Source: 2025 FFIEC Census Data  
2025 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

## LENDING DISTRIBUTION BY BORROWER INCOME AND BUSINESS REVENUE

Commencement’s lending distribution by businesses of different revenue sizes is reasonable. The bank’s performance in lending to small businesses with gross annual revenues of \$1 million or less reflects a reasonable level of activity during the review period compared to the distribution of assessment area businesses. As reflected in Exhibit 9 on the following page, the bank originated 100 percent of its small business loans to businesses with gross annual revenue of \$1 million or less, compared to 93.3 percent of businesses within the revenue category. In addition, 64 percent of the loans extended within the review period were in an amount of \$100,000 or less, demonstrating the bank’s willingness to extend small dollar loans and address small business needs within the assessment area.

EXHIBIT 9 BUSINESS REVENUE DISTRIBUTION OF SMALL BUSINESS LOANS 2025 Pierce-Thurston-King Assessment Area					
	Bank Loans				Total Businesses
	#	#%	\$(000)	%	%
<b>By Revenue</b>					
<b>\$1 Million or Less</b>	25	100.0	3,640	100.0	93.3
<b>Over \$1 Million</b>	0	0.0	0	0.0	5.7
<b>Revenue Unknown</b>	0	0.0	0	0.0	1.0
<b>Total</b>	25	100.0	3,640	100.0	100.0
<b>By Loan Size</b>					
<b>\$100,000 or Less</b>	16	64.0	972	26.7	
<b>\$100,001 - \$250,000</b>	4	16.0	706	19.4	
<b>\$250,001 - \$1 Million</b>	5	20.0	1,962	53.9	
<b>Total</b>	25	100.0	3,640	100.0	
<b>By Loan Size and Revenues \$1 Million or Less</b>					
<b>\$100,000 or Less</b>	16	64.0	972	26.7	
<b>\$100,001 - \$250,000</b>	4	16.0	706	19.4	
<b>\$250,001 - \$1 Million</b>	5	20.0	1,962	53.9	
<b>Total</b>	25	100.0	3,640	100.0	

Source: 2025 FFIEC Census Data  
2025 Dun & Bradstreet Data  
2016-2020 U.S. Census Bureau: American Community Survey  
Note: Percentages may not total 100.0 percent due to rounding.

## RESPONSE TO COMPLAINTS

The bank has not received any CRA-related complaints since the previous examination.

## Community Development Test

Commencement’s performance under the Community Development Test is satisfactory. As discussed below, the bank’s community development performance demonstrates an adequate responsiveness to the community development needs of the assessment area through community development loans, investments, and services. These activities were responsive to the identified need for economic development, affordable housing, and services benefitting low-and moderate-income individuals.

EXHIBIT 10 COMMUNITY DEVELOPMENT ACTIVITIES								
Assessment Area	Loans		Investments				Services	
			Prior Period		Current Period			
	#	\$( '000s)	#	\$( '000s)	#	\$( '000s)	#	Hours
Pierce-Thurston-King	58	71,553	1	85	2	3,163	14	3,456
Broader Statewide or Regional Area	7	9,846	0	0	0	0	1	90
<b>Total</b>	<b>65</b>	<b>81,399</b>	<b>1</b>	<b>85</b>	<b>2</b>	<b>3,163</b>	<b>15</b>	<b>3,546</b>

As illustrated in Exhibit 10 on the previous page, the bank originated a total of 65 community development loans totaling \$81.4 million during the review period, including 13 Payment Protection Program loans and 7 community development loans supporting a broader statewide or regional area outside of its assessment area. These loans supported projects that met an identified community development need within low-and moderate-income areas. Notable community development activities included:

- A \$9.2 million loan to build a children's medical center in a moderate-income area. The medical center will provide physical and occupational services to mostly low-and moderate individuals. Specifically, more than half of the families treated at the center are low income, and 62 percent of patients rely on Medicaid.
- A \$2.8 million loan to renovate 18 studio apartments that will provide affordable housing to low-and moderate-income residents. The loan will also be used to renovate 14 commercial artist studios in the same building for small business use at below market rates.
- A \$1.8 million loan to a non-profit organization to purchase two parcels of land in a low income area that will provide shelter to the homeless by housing 30 beds for at-risk individuals.
- A \$1.3 million investment in a Federal National Mortgage Association mortgage-backed security where the underlying mortgages were made to low- and moderate-income borrowers.
- Donations totaling \$8,000 to the United Way for Strong Families organization that provides employment and financial literacy services to low- and moderate-income individuals.
- Bank employees provided 336 hours of community development service serving as board members for a non-profit organization that provides services to low-and moderate-income individuals who are victims of abuse.
- Bank employees provided 150 service hours serving as board members for a non-profit organization that offers family services to low- and moderate-income individuals including Child Care, Early Learning Programs, Health and Empowerment, Recovery Home, and Culturally Responsive Integrated and Strength-Based Parenting.
- A bank employee provided 114 hours of community service by acting as a board member for Pierce College Foundation which provides low- and moderate-income students assistance with college tuition.

### ***Fair Lending or Other Illegal Practices Review***

Concurrent with this CRA evaluation, the Reserve Bank conducted a review of the bank's compliance with consumer protection laws and regulations and found no violations of the substantive provisions of anti-discrimination, fair lending, or other illegal credit practice rules, laws or regulations that were inconsistent with helping to meet community credit needs.

## GLOSSARY OF TERMS

**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.

**Census tract:** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low- or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**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.

**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, which 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).

**Full-scope review:** Performance under the lending and community development tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

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

**Limited-scope review:** Performance under the lending and community development tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, 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.

**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.

**Metropolitan area (MA):** A MSA or a MD as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**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 percent 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 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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 qualified investment is defined as any 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.

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** 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 or are classified as loans to finance agricultural production and other loans to farmers.

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