

PUBLIC DISCLOSURE

July 10, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Paradise Bank
2420 North Federal Highway
Boca Raton, Florida 33431**

RSSD ID NUMBER: 3368635

**FEDERAL RESERVE BANK OF ATLANTA
1000 Peachtree Street, N.E.
Atlanta, Georgia 30309-4470**

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 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 the 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'S CRA RATING: This institution is rated Satisfactory.

Major factors supporting the institution's rating include:

- The bank's loan-to-deposit ratio (LTD) is reasonable given the bank's asset size, financial condition, and assessment area credit needs.
- A substantial majority of loans are in the assessment area.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration among businesses of different sizes.
- The bank has not received any CRA complaints since the previous examination.

SCOPE OF EXAMINATION

The CRA performance evaluation assesses the bank's record of meeting the credit needs of its community, including low- and moderate-income neighborhoods, within the context of information such as asset size and financial condition of the institution, competitive factors, and the economic and demographic characteristics of its defined assessment area. This CRA performance review was based on the bank's lending performance in its assessment area using the Interagency Small Institution Examination Procedures. The rating was assessed using the following core criteria developed for evaluating CRA lending performance for small banks:

- Net LTD Ratio
- Lending Inside the Assessment Area
- Geographic Distribution of Loans
- Lending to Businesses of Different Sizes
- The bank's responsiveness to complaints it has received regarding its CRA activities, if applicable

Paradise Bank's CRA rating was determined by conducting a full-scope review of its one assessment area. The evaluation included an analysis of small business loans originated from January 1, 2014 through December 31, 2016. For purposes of CRA, a small business loan is defined as a business loan with an original amount of \$1 million or less and typically is either secured by nonfarm or nonresidential real estate or classified as a commercial loan. Neither Home Mortgage Disclosure Act (HMDA) nor consumer loans were included in the analysis due to the low volume of loans originated.

As part of this evaluation, one community contact was made with a local small business organization representative who is familiar with the economic and demographic characteristics in Palm Beach County. Information obtained from this contact was used to establish a context for the communities in which the bank operates and to gather information on the bank's performance. Specific information obtained from the community contact is included in the applicable section of the evaluation for the assessment area.

DESCRIPTION OF INSTITUTION

Paradise Bank is headquartered in Boca Raton, Florida, which is located in Palm Beach County. The bank offers various consumer and business banking products, such as checking, savings, money market, deposit accounts, and certificates of deposit. The bank also offers various consumer and commercial credit products. Online banking with various cash management services is available to individual and business customers through the bank's website.

Paradise Bank complies with the requirements of the CRA. No known legal impediments exist that would restrict the bank from meeting the credit needs of its assessment areas. The bank received a “Satisfactory” rating for the previous evaluation dated May 13, 2013, that was conducted by the Federal Reserve Bank of Atlanta using the Small Institution Examination Procedures.

Branch Offices

The bank operates three branch offices with drive-thru services; two are located in Palm Beach County and one in Broward County. Of the three branch offices, two are located in upper-income tracts and the other is located in a middle-income tract. No branches were opened or closed since the previous examination; however, the bank has stopped offering cash-only ATM services at its branch offices since the previous examination.

Loan Portfolio

According to the December 31, 2016 Report of Condition (ROC), the bank’s assets totaled \$314.9 million, an increase of approximately \$32.2 (11.4 percent) million since the bank’s previous CRA evaluation conducted on May 13, 2013.

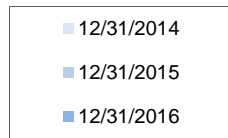
The following table and graphs show the composition of the loan portfolio according to the Consolidated Report of Condition and Income.

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	12/31/2016		12/31/2015		12/31/2014	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	16,690	7.4%	20,970	9.5%	23,399	10.3%
Secured by One- to Four- Family Dwellings	65,316	28.9%	49,780	22.5%	48,524	21.4%
Other Real Estate: Farmland	0	0.0%	0	0.0%	0	0.0%
Multifamily	9,800	4.3%	9,020	4.1%	9,195	4.0%
Nonfarm nonresidential	106,149	47.0%	111,011	50.3%	112,046	49.3%
Commercial and Industrial	25,787	11.4%	28,628	13.0%	32,363	14.2%
Loans to Individuals	2,067	0.9%	1,437	0.7%	1,668	0.7%
Agricultural Loans	0	0.0%	0	0.0%	0	0.0%
Total	\$225,809	100.00%	\$220,846	100.00%	\$227,195	100.00%

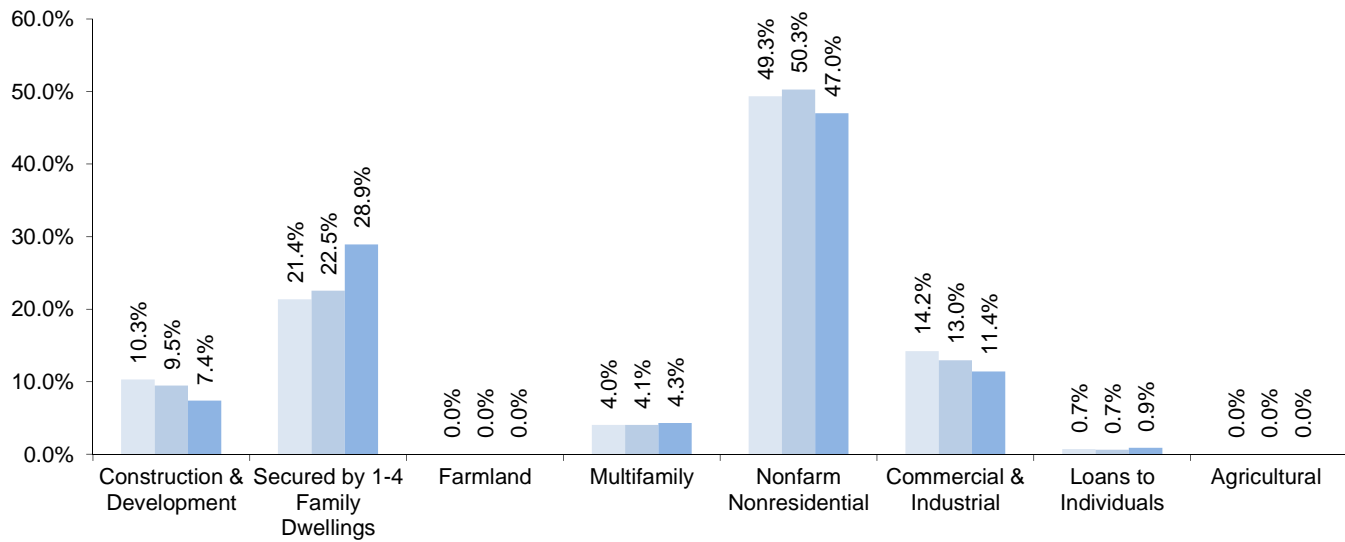
* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

As illustrated above, the bank’s loan portfolio decreased 0.6 percent between 2014 and 2016. Nonfarm nonresidential real estate and commercial and industrial loans accounted for the largest combined percentage of the portfolio in 2014, 2015 and 2016 (63.5 percent, 63.3 percent and 58.4 percent, respectively). While loans secured by one-to-four family dwellings comprised over 20 percent of the portfolio, the bank reported a nominal amount of HMDA lending during the review period.

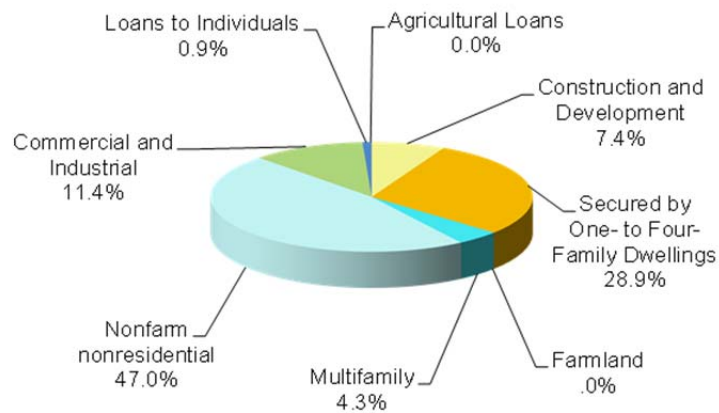
The charts below further illustrate that nonfarm nonresidential lending and commercial and industrial loans continue to be the primary types of loans.



Loan Portfolio Trend



Loan Portfolio as of 12/31/16



Credit Products

The bank continues to focus on commercial and small business lending, with a particular emphasis on commercial real estate and Small Business Administration (SBA) lending. The bank offers fixed and variable rate residential real estate loans through the secondary market as well as unsecured loans, auto loans, boat loans, and home equity lines of credit (HELOCs).

DESCRIPTION OF ASSESSMENT AREA

Overview

Paradise Bank's assessment area has not changed since the previous examination. The assessment area includes all of Palm Beach County, which makes up the West Palm Beach-Boca Raton-Boynton Beach, Florida Metropolitan Division (MD), and Broward County, which makes up the Fort Lauderdale-Pompano Beach-Deerfield Beach, Florida MD. Both MDs are part of the larger Miami-Fort Lauderdale-Miami Beach, Florida Metropolitan Statistical Area (MSA) in southeastern Florida.

Population Information

According to the 2010 Census data, the population of the assessment area was 3,068,200, which represents 16.3 percent of the state of Florida's population of 18,801,310 persons. From 2010 to 2016, the U.S. Census Bureau estimated that the population of the assessment area grew by approximately 9.3 percent compared to the state of Florida growth rate of 9.6 percent.¹

Income Characteristics

For purposes of classifying borrower income, this evaluation uses the Department of Housing and Urban Development's (HUD) estimated median family income. The following tables set forth the estimated median family income for 2014, 2015, and 2016 for the West Palm Beach – Boca Raton – Delray Beach, Florida (MD) (Palm Beach County) and Fort Lauderdale – Pompano Beach – Deerfield Beach, Florida MD (Broward County). The tables also provide a range for estimated annual incomes based on income category.

As shown in the tables below, between 2014 and 2016, the median family income in Palm Beach County increased by \$2,100 (3.3 percent) to \$65,400 in 2016 but the median family income in Broward County decreased by \$900 (1.5 percent) to \$60,900 in 2016.

Borrower Income Levels West Palm Beach-Boca Raton-Delray Beach, FL (MD)

FFIEC Estimated Median Family Income		Low 0 - 49.99%		Moderate 50% - 79.99%		Middle 80% - 119.99%		Upper 120% - & above	
2014	\$63,300	0	- \$31,649	\$31,650	- \$50,639	\$50,640	- \$75,959	\$75,960	- & above
2015	\$64,900	0	- \$32,449	\$32,450	- \$51,919	\$51,920	- \$77,879	\$77,880	- & above
2016	\$65,400	0	- \$32,699	\$32,700	- \$52,319	\$52,320	- \$78,479	\$78,480	- & above

¹ US Census Bureau. Accessed on July 20, 2017. Available at https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=PEP_2016_PEPANNRES&src=pt

Borrower Income Levels
Ft. Lauderdale-Pompano Beach-Deerfield Beach, FL (MD)

FFIEC Estimated Median Family Income		Low 0 - 49.99%		Moderate 50% - 79.99%		Middle 80% - 119.99%		Upper 120% - & above	
2014	\$61,800	0	- \$30,899	\$30,900	- \$49,439	\$49,440	- \$74,159	\$74,160	- & above
2015	\$63,300	0	- \$31,649	\$31,650	- \$50,639	\$50,640	- \$75,959	\$75,960	- & above
2016	\$60,900	0	- \$30,449	\$30,450	- \$48,719	\$48,720	- \$73,079	\$73,080	- & above

Demographic Data by Census Tracts

According to the 2010 census data, there were 745,488 families in the assessment area. Of those families, 21.8 percent were low-income; 17.6 percent were moderate-income; 19.4 percent were middle-income; and 41.2 percent were upper-income. Of the total families, 65,993 (8.9 percent) had incomes below the poverty level.

Housing Characteristics

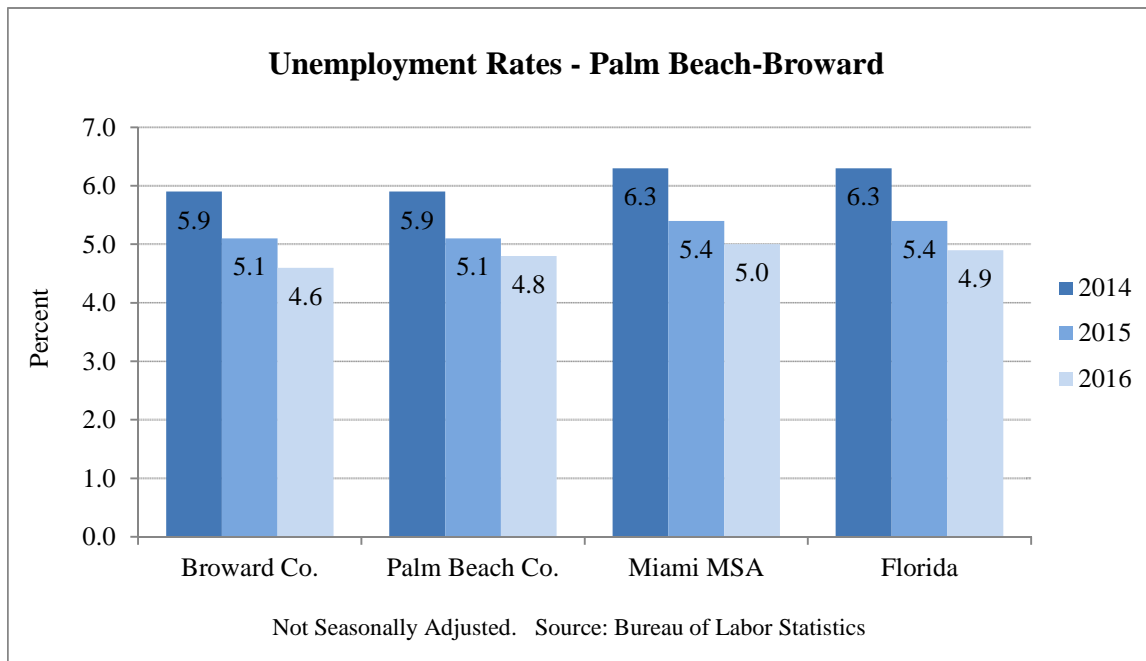
According to 2010 census data, there were 1,463,964 housing units in the assessment area, of which 58.0 percent were owner-occupied units. The percentage of owner-occupied units is much lower at 29.7 percent in low-income tracts, which indicates there may be fewer HMDA lending opportunities in these tracts. The median home value and median gross rent were greater in the assessment area compared to the state by 23.2 percent and 18.3 percent, respectively. The assessment area's affordability ratio in 2010, which is defined as the median household income divided by the median housing value, was 20.7 compared to the state of Florida at 23.2. Therefore, housing is considered less affordable in the assessment area than in the state, and there is likely demand for more affordable housing, particularly for low- and moderate-income individuals.

Economic Conditions and Employment Statistics

Business conditions in the area have been challenging since the previous examination in 2013, but improving in general. Both the commercial and residential real estate markets have strengthened and the area has seen growth in the local job market and lower unemployment rates. Bank management reported that the economic recession in the assessment area caused a reduction in loan volume, especially considering the bank's primary focus is commercial lending and commercial real estate, but lending has rebounded in the last two to three years.

According to the Regional Economic Information Systems (REIS) data, during the period from 2013 through 2015, the industries that employed the most people in Palm Beach County are health care and social assistance, administrative and support and waste management and remediation services, professional, scientific, and technical services, real estate and rental and leasing. In Broward County, the industries that employed the most people are retail trade, administrative and support and waste management and remediation services, health care and social assistance and government and government enterprises.

As seen in the chart below, the unemployment rate for Palm Beach County declined from 5.9 percent in 2014 to 4.8 percent in 2016, and the unemployment rate for Broward County declined from 5.9 percent in 2014 to 4.6 percent in 2016. The unemployment rates in both counties are slightly lower than in the state of Florida at 6.3 percent in 2014 and 4.9 percent in 2016.



Competition

Paradise Bank operates in a highly competitive banking market that includes a mix of national, regional, and local banks. According to the June 30, 2016 Federal Deposit Insurance Corporation (FDIC) Market Share Report, 71 FDIC-insured institutions operated 949 branches within the bank's assessment area. Paradise Bank ranked 33rd with a deposit market share of 0.3 percent. Bank of America had the largest presence with a deposit market share of 21.1 percent, followed by Wells Fargo at 19.5 percent and JP Morgan Chase Bank at 8.8 percent. The top ten financial institutions together held about 78 percent of deposits inside the assessment area. Therefore, competition directly impacted the bank's ability to serve the credit needs of its assessment area.

Community Contacts

As part of this examination, information was obtained from a local non-profit Community Development Financial Institution (CDFI) contact that focuses on small business and entrepreneurial development inside the assessment area. The contact stated that access to credit from traditional financial institutions is a challenge for entrepreneurs and small businesses due to a need for financing products in the amount of \$50,000 or less to help support working capital. Banks do not typically offer this type of financing, and the contact mentioned that there are some other credible sources of lending available to meet this need. According to the contact, there has been an increase in interest for entrepreneurship over the past couple of years but in some instances an online presence has been more favorable than a storefront presence. Additionally, there are opportunities available for stronger partnerships between financial institutions and nonprofit organizations to leverage resources to be responsive to the growing credit needs of small businesses in the assessment area.

Assessment Area Demographics

The following table provides demographic characteristics of the bank's assessment area based on the 2016 FFIEC U.S. Census data and 2016 Dun and Bradstreet Information used to analyze the bank's CRA performance. Certain components of the data in the table are discussed in this evaluation as they apply to specific parts of the analysis.

There are 700 census tracts in the assessment area, of which 40 (5.7 percent) are low-income; 183 (26.1 percent) are moderate-income; 239 (34.1 percent) are middle income; 227 (32.4 percent) are upper-income; and 11 (1.6 percent) are unknown tracts based on income. Additionally, there are 257,634 businesses operating inside the assessment area, of which 239,996 (93.2 percent) are considered small businesses, meaning they have gross annual revenues of \$1 million or less.

Combined Demographics Report

Assessment Area: Palm Beach - Broward

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	40	5.7	29,972	4.0	9,304	31.0	162,530	21.8
Moderate-income	183	26.1	190,974	25.6	28,300	14.8	131,313	17.6
Middle-income	239	34.1	260,728	35.0	18,502	7.1	144,751	19.4
Upper-income	227	32.4	263,797	35.4	9,887	3.7	306,894	41.2
Unknown-income	11	1.6	17	0.0	0	0.0	0	0.0
Total Assessment Area	700	100.0	745,488	100.0	65,993	8.9	745,488	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	65,334	19,412	2.3	29.7	30,611	46.9	15,311	23.4
Moderate-income	412,193	211,622	24.9	51.3	121,881	29.6	78,690	19.1
Middle-income	531,297	311,097	36.7	58.6	123,127	23.2	97,073	18.3
Upper-income	455,123	306,366	36.1	67.3	67,915	14.9	80,842	17.8
Unknown-income	17	9	0.0	52.9	8	47.1	0	0.0
Total Assessment Area	1,463,964	848,506	100.0	58.0	343,542	23.5	271,916	18.6
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported	
		#	%	%	#	%	#	%
Low-income	9,097	3.5	8,030	3.3	999	6.6	68	2.8
Moderate-income	55,962	21.7	51,303	21.4	4,297	28.3	362	14.7
Middle-income	84,154	32.7	78,797	32.8	4,671	30.8	686	27.8
Upper-income	108,108	42.0	101,614	42.3	5,150	34.0	1,344	54.4
Unknown-income	313	0.1	252	0.1	52	0.3	9	0.4
Total Assessment Area	257,634	100.0	239,996	100.0	15,169	100.0	2,469	100.0
	Percentage of Total Businesses:			93.2		5.9		1.0
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million			Over \$1 Million		Revenue Not Reported	
		#	%	%	#	%	#	%
Low-income	52	4.5	46	4.2	6	10.0	0	0.0
Moderate-income	165	14.2	152	13.8	13	21.7	0	0.0
Middle-income	305	26.2	295	26.7	10	16.7	0	0.0
Upper-income	643	55.1	611	55.3	31	51.7	1	100.0
Unknown-income	1	0.1	1	0.1	0	0.0	0	0.0
Total Assessment Area	1,166	100.0	1,105	100.0	60	100.0	1	100.0
	Percentage of Total Farms:			94.8		5.1		.1

2016 FFIEC Census Data and 2016 D&B Information

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Overview

Paradise Bank's overall lending performance is satisfactory. The bank's lending performance was evaluated by analyzing small business loans originated between January 1, 2014 and December 31, 2016. The bank reported minimal HMDA lending during the review period; therefore, residential lending was not analyzed.

The bank's average loan-to-deposit (LTD) ratio is reasonable given the bank's asset size, financial condition, competition, and assessment area credit needs. A substantial majority of loans are in the assessment area. The geographic distribution of loans reflects excellent dispersion throughout the assessment area. The distribution of borrowers reflects reasonable penetration among businesses of different sizes. Performance context factors were also considered in the evaluation of lending performance.

Loan-to-Deposit (LTD) Ratio

The bank's average LTD ratio reflects its level of lending activity, and its lending levels show a reasonable responsiveness to meeting the overall assessment area's credit needs. The bank's average LTD ratio for the 17 quarters ending March 31, 2017, was 80.2 percent. During the review period, the LTD ratio ranged from 68.1 to 88.0 percent. The bank's LTD ratio was compared with that of four other depository institutions of similar asset size with branch offices in the assessment area. The average LTD ratios for these four institutions over the same time period ranged from 52.8 percent to 105.6 percent. Of the four peer averages, three were greater than and one was less than Paradise Bank's average LTD ratio. Performance context information such as competition and business strategy were considerations for determining the reasonableness of the LTD ratio.

Assessment Area Concentration

During the review period, the bank originated a substantial majority of loans in the assessment area. The table below shows the number and percentage of small business loans reviewed that were located inside and outside of the bank's assessment area.

Lending Inside and Outside the Assessment Area

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Total Small Business Loans	105	96.3	\$27,640	95.4	4	3.7	\$1,318	4.6
TOTAL LOANS	105	96.3	\$27,640	95.4	4	3.7	\$1,318	4.6

Note: Affiliate loans not included

As shown in the table above, 96.3 percent of bank's small business loans by number and 95.4 percent by dollar amount were extended to businesses inside the assessment area, which indicates the bank's willingness to originate loans that meet the credit needs of businesses inside its assessment area.

Geographic Distribution of Loans

Based on the following analysis, the overall geographic distribution of the bank's small business loans reflects excellent dispersion throughout the bank's assessment area and does not reveal any unexplained gaps in lending patterns.

The following table shows the geographic distribution of small business loans originated in 2014, 2015 and 2016 as a percentage of the total number of loans by type within the assessment area.

Geographic Distribution of Small Business Loans

Assessment Area: Palm Beach - Broward

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2014, 2015, 2016				
	Bank				Small Businesses
	Count		Dollar		
	#	%	\$ (000s)	\$ %	%
Low	7	6.7%	\$1,955	7.1%	3.3%
Moderate	23	21.9%	\$7,286	26.4%	21.4%
Middle	25	23.8%	\$5,527	20.0%	32.8%
Upper	50	47.6%	\$12,872	46.6%	42.3%
Unknown	0	0.0%	\$0	0.0%	0.1%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>105</i>	<i>100.0%</i>	<i>\$27,640</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases

2016 FFIEC Census Data and 2016 D&B Information

As shown in the table above, the percentage of small business loans originated in low-income census tracts was significantly greater than the percentage of small businesses located in those tracts. The bank originated seven small business loans, representing 6.7 percent of total loans, in low-income tracts compared to 3.3 percent of the small businesses located in these tracts. The percentage of the bank's small business loans originated in moderate-income tracts at 21.9 percent was slightly greater than the percentage of small businesses located in moderate-income at 21.4 percent.

Lending to Businesses of Different Sizes

Based on the following analysis, the overall distribution of the bank's small business loans by business revenue reflects reasonable penetration of businesses of different sizes.

The following table shows, by loan size, the number and dollar volume of small business loans originated by Paradise Bank in 2014, 2015, and 2016.

Small Business Loans by Business Revenue & Loan Size

Assessment Area: Palm Beach - Broward

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison				
		2014, 2015, 2016				
		Bank				Total Businesses
		Count		\$ (000s)		
		#	%	\$	%	%
BUSINESS REVENUE	\$1million or Less	69	65.7%	\$15,434	55.8%	93.2%
	Over \$1 Million	36	34.3%	\$12,206	44.2%	5.9%
	<i>Total Rev. available</i>	105	100.0%	\$27,640	100.0%	99.1%
	Rev. Not Known	0	0.0%	\$0	0.0%	1.0%
	<i>Total</i>	105	100.0%	\$27,640	100.0%	100.0%
LOAN SIZE	\$100,000 or Less	39	37.1%	\$2,064	7.5%	
	\$100,001 - \$250,000	27	25.7%	\$4,976	18.0%	
	\$250,001 - \$1 Million	39	37.1%	\$20,601	74.5%	
	<i>Total</i>	105	100.0%	\$27,640	100.0%	
LOAN SIZE Rev \$1 Mill or Less	\$100,000 or Less	31	44.9%	\$1,484	9.6%	
	\$100,001 - \$250,000	17	24.6%	\$3,194	20.7%	
	\$250,001 - \$1 Million	21	30.4%	\$10,757	69.7%	
	<i>Total</i>	69	100.0%	\$15,434	100.0%	

Originations & Purchases
2016 FFIEC Census Data and 2016 D&B Information

As shown, Paradise Bank originated 69 small business loans inside the assessment area to businesses with reported revenues of \$1 million or less, which represents 65.7 percent of its total commercial lending. This percentage is below the 93.2 percent of the total number of businesses in the assessment area with revenues of \$1 million or less. However, 69.5 percent of loans were originated in amounts of \$250,000 or less, showing the bank's willingness to make small dollar loans to help meet the identified credit needs of small businesses in the community.

RESPONSE TO SUBSTANTIATED COMPLAINTS

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

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of prohibited discrimination or the use of other illegal credit practices was noted during the examination. The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations.

APPENDIX A

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED			
January 1, 2014 to December 31, 2016			
FINANCIAL INSTITUTION		PRODUCTS REVIEWED	
Paradise Bank, Boca Raton, Florida		Small Business Loans	
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
N/A	N/A	N/A	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Palm Beach-Broward	Full Scope Review	Boca Raton Branch	N/A

APPENDIX B – DEFINITIONS AND GENERAL INFORMATION

Definitions

ATM	Automated Teller Machine
CDC	Community Development Corporation
CDFI	Community Development Financial Institution
CRA	Community Reinvestment Act (Regulation BB)
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
HMDA	Home Mortgage Disclosure Act (Regulation C)
HUD	Department of Housing and Urban Development
LMI	Low- and Moderate-Income
LTD	Loan-to-Deposit
LTV	Loan-to-Value Ratio
MD	Metropolitan Division
MSA	Metropolitan Statistical Area
OMB	Office of Management and Budget
REIS	Regional Economic Information System
SBA	Small Business Administration
USDA	United States Department of Agriculture

Rounding Convention

Because the percentages presented in tables were rounded to the nearest tenth in most cases, some columns may not total exactly 100 percent.

General Information

The CRA requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Paradise Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of July 10, 2017. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

APPENDIX C – 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.

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 MSAs. 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 multi-family 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 (Board), Office of the Comptroller of the Currency (OCC), and the FDIC 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, FDIC, and OCC, 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.

Effective January 19, 2010, the Board, the OCC, and the FDIC revised the definition of community development to include loans, investments, and services by financial institutions that-

- I. Support, enable or facilitate projects or activities that meet the "eligible uses" criteria described in Section 2301(c) of the Housing and Economic Recovery Act of 2008 (HERA), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development in accordance with the Neighborhood Stabilization Program (NSP);
- II. Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees; and
- III. Benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or areas outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

APPENDIX C – GLOSSARY (Continued)

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 nonrelatives 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, Investment, and Service 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, 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 MSA 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 multi-family (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, Investment, and Service 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.

APPENDIX C – GLOSSARY (Continued)

Metropolitan area (MA): A MSA or a metropolitan division (MD) as defined by the Office of Management and Budget. An 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. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an 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.

Multi-family: 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 MA. 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 MA, the institution will receive a rating for the multistate MA.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the 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 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.