



PUBLIC DISCLOSURE

FEBRUARY 11, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**COMMUNITY BANKS OF NORTHERN CALIFORNIA
RSSD# 423074**

**1003 CENTRAL AVENUE
TRACY, CALIFORNIA 95376**

**Federal Reserve Bank of Kansas City
925 Grand Boulevard
Kansas City, Missouri 64198**

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 this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

Institution's CRA Rating	2
Scope of Examination	2
Description of Institution	3
Description of the Bank's Assessment Areas	4
Conclusions with Respect to Performance Criteria	9
Glossary	14

INSTITUTION'S CRA RATING: *This institution is rated **Satisfactory***

Community Banks of Northern California (CBNC) has a satisfactory record of helping to meet the credit needs of its entire assessment area (AA), including low- and moderate-income (LMI) neighborhoods, in a manner consistent with its resources, operating philosophy, and the credit needs of the community.

For its size, financial capacity, and the competitive conditions within its AA, CBNC's loan-to-deposit (LTD) ratio indicated a reasonable effort to extend credit in a competitive lending market consistent with safe and sound banking practices. In addition, a majority of the bank's lending activity occurred within its AAs. The bank's geographic distribution of loans reflected a reasonable dispersion throughout its AAs, and the bank's distribution of loans among businesses of different sizes was also reasonable, in consideration of the bank's competitive banking environment.

SCOPE OF EXAMINATION

CBNC's Community Reinvestment Act (CRA) performance was reviewed using the Federal Financial Institutions Examinations Council's (FFIEC) Interagency Procedures for Small Institutions. The rating was assessed under the following four criteria developed to evaluate the CRA lending performance of small banks:

- LTD Ratio;
- Lending Inside the AA;
- Geographic Distribution of Loans; and,
- Lending to Businesses of Different Revenue Sizes.

The bank's responsiveness to complaints under the CRA, the fifth core criteria used to assess small bank performance, was not evaluated because the bank has not received any complaints regarding its CRA performance.

Conclusions about the four performance criteria were based in part on data compiled from a statistically-derived sample of loan files for each major product line. The major product lines were determined through discussions with bank management, a review of the Report of Condition and Income (Call Report), and a review of the number of loan originations since CBNC's last CRA examination in November 2003. According to the September 30, 2007 Call Report, business loans accounted for approximately 91 percent of the bank's lending activity. The two loan types selected for review were business loans and business loans secured by real estate. The sample size consisted of a total of 67 loans, of which 39 were business loans and 28 were business loans secured by real estate. The loans were originated between January 1, 2004 and December 31, 2007.

To augment the evaluation, interviews were conducted with members of the local community to ascertain specific credit needs, opportunities, and local market conditions within the AA. The community contacts were from economic development organizations in Tracy and Stockton, and a retail affordable housing outlet in Alameda County.

DESCRIPTION OF INSTITUTION

CBNC is headquartered in downtown Tracy in the northeast central valley of California, approximately 50 miles east of Oakland, California. There are four full-service branches located in west Tracy, Castro Valley, Lathrop, and Sacramento. All of the offices are located in Metropolitan Statistical Areas (MSAs). Two of the offices are located in upper-income tracts in Tracy and Castro Valley; two of the offices are located in middle-income tracts in Tracy and Lathrop; and, one of the offices is located in a moderate-income tract in Sacramento. The Sacramento office opened February 4, 2008; therefore, the loan activity in the Sacramento AA was not considered in this evaluation. Each of the branches has a full-service automated teller machine (ATM).

CBNC's main business focus is to serve the needs of small to mid-size businesses and to accommodate the consumer and consumer real estate needs of its business clients. Accordingly, the bank offers a wide range of services, including traditional commercial loans, commercial real estate loans, construction and land development loans, consumer loans, home equity lines of credit, and online banking services through the bank's Web site. As of the September 30, 2007 Call Report, the bank reported total assets of \$167,064,000, gross loans of \$145,547,000, and total deposits of \$139,302,000. Commercial loans comprise approximately 91 percent of the bank's loan portfolio. Table 1 illustrates the distribution of the bank's loan portfolio by product type.

TABLE 1 CBNC'S LOAN PORTFOLIO		
Loan Type	Amount (\$000)	Percent of Total
Commercial (Includes: Commercial Real Estate, Multi-Family, Construction & Land Development)	132,118	91%
1-4 Family Real Estate (Revolving)	7,148	5%
1-4 Family Real Estate	5,317	4%
Consumer	745	>1%
Agricultural/Other	219	>1%
Total Gross Loans	145,547	100%

CBNC has no financial or legal impediments that prevent it from fulfilling its responsibilities under the CRA. In addition, the bank received a satisfactory rating at the previous CRA

evaluation conducted by the Federal Reserve Bank of San Francisco as of November 13, 2003.

DESCRIPTION OF THE BANK'S ASSESSMENT AREAS

CBNC has three designated AAs: the Alameda County AA, which is part of the Oakland-Fremont-Hayward Metropolitan Division and part of the San Francisco-Oakland-Fremont MSA; the San Joaquin County AA, which encompasses the Stockton MSA; and, the Sacramento County AA. As previously mentioned, the Sacramento County AA was not evaluated because the Sacramento branch has only been open for one week at the time of this CRA evaluation.

The Alameda and the San Joaquin AAs are discussed either separately or on a consolidated basis throughout this performance evaluation. The Alameda County AA is comprised of 42 low-, 71 moderate-, 126 middle-, 81 upper-, and 1 unknown-income census tracts. The San Joaquin County AA is comprised of 8 low-, 31 moderate-, 48 middle-, and 34 upper-income census tracts. A detailed description of each AA precedes the conclusions with respect to the performance criteria based on the bank's lending activity. Tables 2 and 3 summarize AA characteristics, based on the 2000 Census data and 2006 Dun & Bradstreet (D&B) data.

Description of the Alameda County Assessment Area

The Alameda County AA encompasses Alameda County and includes the cities of Alameda, Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Newark, Oakland, Piedmont, Pleasanton, San Leandro, and Union City. Unincorporated communities include Ashland, Castro Valley, Cherryland, Fairview Sunol, and San Lorenzo. The growth rate from 2000 to 2006 for Alameda County was 0.9 percent which was below the statewide growth rate of 7.6 percent for the same period. There are 47 financial institutions in the Alameda AA, and CBNC ranks 38th in deposit market share at 0.14 percent, according to June 30, 2006 Federal Deposit Insurance Corporation (FDIC) deposit market share data.

Major industries include: state, county, regional or local government; hospitals and medical care; drug and pharmaceutical manufacturing; higher education; general manufacturing; telecommunications; and, transportation. Major employers include Alameda County Law Enforcement and the County Sheriff Department, Alta Bates Medical Center, Inc., Bay Area Rapid Transit, Bayer Corporation, Brita Water Company, California State University, Clorox Technical Center, Kaiser Foundation and Kaiser Permanente Hospital, Lawrence Berkeley and Livermore National Laboratory, New United Motor Manufacturing, Novartis Vaccines & Diagnostics, Permanente Medical Group, Sandia National Laboratories, Transportation Department-California, University California-Berkeley Extension, Washington Hospital Healthcare, and Western Digital.

A member of the community stated that the business climate was rather robust except for businesses tied directly to the mortgage loan industry, such as title companies, noting that several in the area were recently closed. However, it is unknown how long the real estate

mortgage problems will last or what the total effects of tightening credit standards will have on the economic climate in the area. Another community contact felt that banks were not making enough mobile home loans in the area to address the affordable housing needs.

**TABLE 2
ALAMEDA COUNTY ASSESSMENT AREA DEMOGRAPHICS**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	42	13.1	30,780	9.0	8,399	27.3	78,212	22.9
Moderate-income	71	22.1	66,429	19.5	8,930	13.4	60,327	17.6
Middle-income	126	39.3	143,831	42.0	6,728	4.7	71,944	21.0
Upper-income	81	25.2	101,008	29.5	2,289	2.3	131,565	38.5
Unknown-income	1	0.3	0	0.0	0	0.0	0	0.0
Total Assessment Area	321	100.0	342,048	100.0	26,346	7.7	342,048	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low-income	54,497	12,499	4.3	22.9	38,641	70.9	3,357	6.2
Moderate-income	117,272	38,637	13.5	32.9	74,308	63.4	4,327	3.7
Middle-income	229,716	128,760	45.0	56.1	95,052	41.4	5,904	2.6
Upper-income	138,664	106,393	37.2	76.7	29,042	20.9	3,229	2.3
Unknown-income	34	17	0.0	50.0	17	50.0	0	0.0
Total Assessment Area	540,183	286,306	100.0	53.0	237,060	43.9	16,817	3.1
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	8,326	14.1	7,045	13.6	1,036	16.7	245	18.6
Moderate-income	10,988	18.6	9,971	19.4	750	12.0	267	20.2
Middle-income	23,072	39.1	20,142	39.1	2,393	38.4	537	40.7
Upper-income	16,621	28.1	14,316	27.8	2,038	32.7	267	20.2
Unknown-income	67	0.1	52	0.1	11	0.2	4	0.3
Total Assessment Area	59,074	100.0	51,526	100.0	6,228	100.0	1,320	100.0
Percentage of Total Businesses:				87.2		10.5		2.2
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	8	4.0	7	3.9	1	6.7	0	0.0
Moderate-income	16	8.1	16	8.8	0	0.0	0	0.0
Middle-income	49	24.8	46	25.4	2	13.3	1	50.0
Upper-income	125	63.1	112	61.9	12	80.0	1	50.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	198	100.0	181	100.0	15	100.0	2	100.0
Percentage of Total Farms:				91.4		7.6		1.0

Description of the San Joaquin County Assessment Area

The San Joaquin AA is comprised of San Joaquin County and includes the cities of Stockton (which is the county seat), Escalon, Lathrop, Lodi, Manteca, Ripon, and Tracy. The growth rate from 2000 to 2006 for San Joaquin County was 19.4 percent, which is substantially higher than the state-wide growth of 7.6 percent for the same period.

There are 27 financial institutions in the San Joaquin AA, and CBNC ranks 15th in deposit market share at 1.18 percent, according to June 30, 2006 FDIC deposit market share data.

Major industries in San Joaquin County include: state, county, regional and local government; hospitals and medical care; higher education; food distribution; and, transportation. Major employers include: Cottage Bakery, Inc., Dameron Hospital, Deuel Vocational Institution, Division Of Juvenile Justice-Stockton, General Mills, Inc., Lodi Memorial Hospital, Morada Produce Company, O-G Packing Company, Pacific Coast Producers, Safeway, San Joaquin County School District, San Joaquin County Human Services, San Joaquin Delta College, San Joaquin General Hospital, St. Joseph Medical Center, Tracy Joint Union High School District, University of the Pacific, and the Wal-Mart Super Center.

Two community contacts from the economic development sector felt that the economy was strong and would benefit from enterprise zone designations that encourage business growth and relocation to San Joaquin County. One of the contacts stated that smaller businesses are aided by business service programs that teach business management and planning skills, and that credit is available through conventional business loans. Furthermore, businesses and individuals that apply for unsecured business loans can get loans based on the principal's credit scores and venture capitalism. The contacts also stated that the overall impact of the real estate mortgage problems on the economy is yet to be determined. However, they did feel that investors and individuals seeking to purchase residential properties would benefit from falling home prices.

**TABLE 3
SAN JOAQUIN COUNTY ASSESSMENT AREA DEMOGRAPHICS**

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	8	6.6	6,850	5.1	2,679	39.1	30,817	22.8
Moderate-income	31	25.6	31,505	23.3	7,665	24.3	22,294	16.5
Middle-income	48	39.7	52,910	39.1	5,800	11.0	26,813	19.8
Upper-income	34	28.1	44,154	32.5	2,154	4.9	55,495	40.9
Total Assessment Area	121	100.0	135,419	100.0	18,298	13.5	135,419	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low-income	11,945	1,975	1.8	16.5	8,884	74.4	1,086	9.1
Moderate-income	45,220	21,369	19.5	47.3	21,756	48.1	2,095	4.6
Middle-income	74,849	43,079	39.3	57.6	29,072	38.8	2,698	3.6
Upper-income	57,146	43,248	39.4	75.7	12,246	21.4	1,652	2.9
Total Assessment Area	189,160	109,671	100.0	58.0	71,958	38.0	7,531	4.0
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	1,642	9.8	1,372	9.3	217	13.1	53	12.5
Moderate-income	3,982	23.7	3,391	23.0	485	29.2	106	25.2
Middle-income	6,257	37.2	5,577	37.9	556	33.5	124	29.5
Upper-income	4,933	29.3	4,393	29.8	402	24.2	138	32.8
Total Assessment Area	6,814	100.0	14,733	100.0	1,660	100.0	421	100.0
Percentage of Total Businesses:				87.6		9.9		2.5
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	8	0.7	5	0.5	3	2.6	0	0
Moderate-income	74	6.9	63	6.6	11	9.4	0	0
Middle-income	611	56.9	546	57.1	65	55.6	0	0
Upper-income	380	35.5	342	35.8	38	32.4	0	0
Total Assessment Area	1,073	100.0	956	100.0	117	100.0	0	0
Percentage of Total Farms:				89.1		10.9		0

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

CBNC's record of meeting the credit needs of its AAs was considered satisfactory, based on the combined performance in both of the bank's designated AAs. Data utilized for this analysis included the bank's performance data, area demographic information, and information obtained from members of the local community to establish a performance context. The analysis illustrated that a majority of the loans were made inside the bank's AAs and that there was reasonable distribution of loans in geographies of different income levels and among businesses of different sizes based on business revenues. A more-detailed analysis of the lending performance in each AA is provided in subsequent sections of this evaluation.

Loan-to-Deposit Ratio

CBNC's average LTD ratio is considered more than reasonable in view of the bank's size, financial condition, and AA credit needs. Since the previous CRA examination, CBNC's LTD ratio averaged 99 percent. During this 16-quarter period, its net LTD ratios have fluctuated between 84 percent and 112 percent. The bank's LTD compares favorably to the 79 percent, 8-quarter average for 12 peer banks in the AA and to the national peer banks' 8-quarter average of 82 percent, with an 8-quarter average of 101 percent.

Lending Inside the Bank's Assessment Area

A majority of the business loans (74.4 percent by number and 63.4 percent by dollar volume) and a majority of the business loans secured by real estate (64.3 percent by number and 52.8 percent by dollar volume) were originated in CBNC's AA. The bank's performance for this criterion meets the standard for a satisfactory rating.

Geographic Distribution of Loans

To evaluate this criterion, CBNC's distribution of business loans among geographies of various income levels is compared to the percentage of businesses located in each of these geographies. Table 4 shows the bank's overall level of lending in the LMI census tracts is less than what census demographics would suggest. However, given the distance of the bank's branches from the LMI geographies, the level of competition, and the level of overall lending occurring in the LMI geographies, the distribution of loans is considered reasonable. Therefore, this criterion meets the standard for a satisfactory rating.

**TABLE 4
OVERALL SUMMARY OF LENDING PERFORMANCE**

Lending within the Assessment Area								
	Inside AA				Outside AA			
	#	%	\$(000)	%	#	%	\$(000)	%
Small Business	29	74.4	5,293	63.4	10	25.6	3,060	36.6
Small Business Secured By RE	18	64.3	10,035	52.8	10	35.7	8,962	47.2
TOTAL	47	70.1	15,328	56.0	20	29.9	12,022	44.0
Distribution by Income Level of Geographies - Overall								
	% of Bank Loans				% of Small Businesses			
	Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
Small Business	0.0	6.9	17.2	75.9	12.7	20.2	38.8	28.2
Small Business Secured By RE	0.0	0.0	33.3	66.6	12.7	20.2	38.8	28.2
Distribution by Revenue Size of Business Overall								
	% of Bank Loans To Small Businesses				% of Small Businesses			
Small Business	37.9				87.3			
	% of Bank Loans To Small Businesses				% of Small Businesses			
Small Business Secured By RE	72.2				87.3			

**TABLE 4A – ALAMEDA COUNTY ASSESSMENT AREA
SUMMARY OF LENDING PERFORMANCE**

Distribution by Income Level of Geographies								
	% of Bank Loans				% of Small Businesses			
	Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
Small Business	0.0	50.0	25.0	25.0	13.7	19.4	39.1	27.8
Small Business Secured By RE	0.0	0.0	33.0	67.0	13.7	19.4	39.1	27.8
Distribution by Revenue Size of Business								
	% of Bank Loans To Small Businesses				% of Small Businesses			
Small Business	0.0				87.2			
	% of Bank Loans To Small Businesses				% of Small Businesses			
Small Business Secured By RE	66.7				87.2			

TABLE 4B – SAN JOAQUIN COUNTY ASSESSMENT AREA SUMMARY OF LENDING PERFORMANCE								
Distribution by Income Level of Geographies								
	% of Bank Loans				% of Small Businesses			
	Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
Small Business	0.0	0.0	16.0	84.0	0.0	23.0	37.9	29.8
Small Business Secured By RE	0.0	0.0	33.0	0.0	0.0	23.0	37.9	29.8
Distribution by Revenue Size of Business								
	% of Bank Loans To Small Businesses			% of Small Businesses				
	44.0			87.6				
	% of Bank Loans To Small Businesses			% of Small Businesses				
	73.3			87.6				

Alameda County AA

Table 4A shows that 50 percent of business loans and zero percent of loans secured by real estate were made in the LMI tracts. These percentages are less than census demographics would suggest; however, the vast majority of the LMI tracts are located in Oakland, which is 15 miles from CBNC's Alameda branch located in Castro Valley. In addition, there are 294 banking offices in Alameda County, which averages almost one banking office per census tract. Consequently, the location of CBNC's branch and the extremely high level of competition hinder the bank's overall lending level in the LMI tracts in Alameda County. Therefore, the geographic distribution is considerable reasonable.

San Joaquin County AA

Table 4B indicates that no business loans or business loans secured by real estate in the sample were made in LMI tracts. Once again, this is less than census demographics would suggest. However, the vast majority of the LMI tracts are located in Stockton, which is 10 miles from Lathrop where CBNC opened a branch in September 2007, and 20 miles from Tracy, where two other branches are located. Also, there are 123 banking offices in San Joaquin, which averages more than one office per census tract. Consequently, the location of CBNC's branches and the extremely high level of competition hinders the lending level in the LMI tracts in San Joaquin County. Therefore, the geographic distribution is considerable reasonable.

Lending to Businesses of Different Sizes Based on Revenue

To evaluate this criterion, CBNC's level of lending to businesses of different revenue sizes, primarily those with gross annual revenues of \$1 million or less, is compared to the number of

businesses in the AAs with revenues of \$1 million or less. Table 4 illustrates that the bank's overall level of lending in the LMI census tracts is less than what census demographics would suggest. However, in consideration of the high level of competition by financial institutions, and the ample credit sources available to meet the needs of small businesses (per statements from community contacts), the level of lending to small businesses is considered reasonable. A more detailed analysis for each AA is subsequently provided.

Alameda County AA

Table 4A shows zero percent of CBNC's business loans were made to businesses with gross annual revenues of \$1 million or less and that 66.7 percent of business loans secured by real estate were made to small business with revenues of \$1 million or less. CBNC's distribution of 66.7 percent of loans to small business secured by real estate compares less favorably to the D&B data, which shows 87.0 percent of businesses in the area have gross revenues of \$1 million or less. CBNC operates in an extremely competitive market. In addition, a number of large banks in the market have developed unsecured business loan programs which offer low documentation loans in amounts up to \$100,000. Thus, smaller financial institutions find it difficult to originate small dollar small business loans with conventional underwriting standards. Based on these facts, the bank's level of penetration is considered reasonable. A community contact stated that, as a whole, small businesses were doing well except for those companies directly related to the residential mortgage industry. Therefore, this criterion meets the standards for a satisfactory rating.

San Joaquin AA

Table 4A illustrates that 44.0 percent of CBNC's business loans were made to businesses with gross annual revenues of \$1 million or less and 73.3 percent of the business loans secured by real estate had revenues of \$1 million or less. The bank's distribution of loans compares less favorably to the D&B data, which shows 87.2 percentage of businesses in the area with gross revenues of \$1 million or less. As stated previously, CBNC operates in a highly competitive market with lenders that offer unsecured business loans with low documentation. Based on these facts, the bank's level of penetration is considered reasonable. Community contacts stated that credit services were available to serve the needs of small businesses from a number of sources including venture capitalists and the San Joaquin Economic Development Company Revolving Loan Funds. Therefore, this criterion meets the standards for a satisfactory rating.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

CBNC is in compliance with the substantive provisions of the antidiscrimination laws and regulations. A review of bank policies, credit applications, loans, and interview procedures revealed no prohibited practices designed to discourage loan applicants. Further, the bank has not engaged in other illegal practices inconsistent with helping to meet community credit needs.

GLOSSARY OF COMMON CRA TERMS

(For additional information, please see the Definitions section of Regulation BB at 12 CFR 228.12.)

Assessment Area – The geographic area(s) delineated by the bank and used in evaluating the bank's record of helping to meet the credit needs of its community. The assessment area must include the geographies where the main office, branches, and deposit-taking automated tellers machines are located. The assessment area must consist only of whole geographies, may not reflect illegal discrimination, and may not arbitrarily exclude low- or moderate-income geographies.

Census Tracts – Census tracts are small, relatively permanent geographic entities within counties delineated by a committee of local data users. Census tracts are designed to be homogenous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons and average about 4,000 inhabitants.

Community Development – Includes affordable housing (including multifamily rental housing) for low- and moderate-income individuals; community services targeted to low- and moderate-income individuals; activities that promote economic development by financing businesses or farms that have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, designated distressed or underserved nonmetropolitan middle-income areas or designated disaster areas.

Community Development Loan – A loan that has community development as its primary purpose and (except in the case of a wholesale or limited-purpose bank).

1. Has not been reported or collected by the bank or an affiliate as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan and
2. Benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

Community Development Service – A service that has as its primary purpose community development, is related to the provision of financial services, has not been considered in the evaluation of the bank's retail banking services, benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area and has not been claimed by other affiliated institutions.

Consumer Loans – Loans to individuals for household, family and other personal expenditures. These loans do not include real estate-secured loans.

Dun & Bradstreet Data – Data collected by Dun & Bradstreet regarding types of businesses and their respective gross annual revenues. The data can be sorted by geographies.

Geography – A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

Income Level – Both geographies and individuals can be described in terms of their income levels. In MSAs, the level is based on the MSA median income. In nonMSA areas, the level is based on the statewide, nonMSA median income.

Low-Income – Less than 50 percent of the area median income

Moderate-Income – At least 50 percent and less than 80 percent of the area median income

Middle-Income – At least 80 percent and less than 120 percent of the area median income

Upper-Income – At least 120 percent or more of the area median income

Metropolitan Statistical Area (MSA) – The general concept of an MSA is that of a core area containing a large population nucleus, together with adjacent communities having a high degree of economic and social integration with that core. Generally, a single city with at least 50,000 inhabitants or an urbanized area with a total population of at least 100,000 would meet the definition of an MSA.

Qualified Investment – A lawful investment, deposit, membership share or grant that has as its primary purpose community development.

Small Business – A business with gross annual revenues of \$1 million or less.

Small Business Loan – A loan with an original amount of \$1 million or less that has been reported in the Consolidated Report of Condition and Income in the category “Loans secured by nonfarm nonresidential properties” or “Commercial and industrial loans.”

Small Farm – A farm with gross annual revenues of \$1 million or less.

Small Farm Loan – A loan with an original amount of \$500,000 or less that has been reported in the Consolidated Report of Condition and Income in the category “Loans secured by farmland” or “Loans to finance agricultural production and other loans to farmers.”