

PUBLIC DISCLOSURE

March 13, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Holcomb Bank
Certificate Number: 9080

233 East Illinois Route 38
Rochelle, Illinois 61068

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

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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

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INSTITUTION RATING

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

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

Holcomb Bank's (HB) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the bank's Lending Test performance.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and AA credit needs.
- A majority of small business and home mortgage loans are in the institution's AA.
- Overall, the distribution of loans to borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels (including low- and moderate-income).
- Overall, the geographic distribution of loans reflect reasonable dispersion throughout the AA, particularly, for home mortgage lending.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the overall rating.

DESCRIPTION OF INSTITUTION

Background

Holcomb Bank is a \$317 million financial institution headquartered in Rochelle, Illinois (population 9,367), and wholly-owned by Holcomb Bancorp, Inc., a one-bank holding company. The prior CRA Performance examination was conducted by the FDIC as of January 28, 2020 and resulted in a Satisfactory rating based on Interagency Small Institution Examination Procedures.

Operations

HB operates three branch offices with locations in Byron (population 3,775) and Creston (population 623). Both of these offices and the main office are located in Ogle County. A branch office is also located in New Milford (population 787), which is located in Winnebago County.

HB offers numerous credit and deposit products and services. Lending products include commercial, home mortgage, construction, agriculture, and consumer loans, with a primary focus on commercial and home mortgage loans. In addition to traditional home mortgage loan products, HB participates in several flexible and specialized lending programs to help meet the credit needs of the communities it serves. These products provide additional home ownership opportunities for low- and moderate-income borrowers and service members. HB participates in the Federal Home Loan Bank's Downpayment Plus Program, which offers down payment and closing cost assistance to qualifying new low- and moderate-income or existing homebuyers. Since the prior evaluation, the bank originated 13 loans through this program. Additional lending programs that the bank participates in and activity level since the prior evaluation are summarized in the following table.

Loan Program	#	\$ (000s)
Veterans Administration	5	1,100
Federal Housing Administration	26	3,900
U.S. Department of Agriculture	15	1,900
Freddie Mac's Home Possible Loan	46	5,500

During the evaluation period, HB participated in the Paycheck Protection Program (PPP), which was designed by the Small Business Administration to assist communities and businesses impacted by the COVID-19 pandemic. In 2020 and 2021, the bank originated 300 PPP loans totaling \$15.9 million within its assessment areas. HB participated in a second assistance program administered by the Federal Home Loan Bank, which offered its member institutions grant opportunities to provide funds to community organizations during the COVID-19 pandemic. The bank participated in this COVID-19 Relief Grant Program in 2020 and 2021, and received \$26,500 in funds that it provided to local nonprofit organizations for housing and social services in its assessment areas.

Deposit products include checking, savings, money market, and NOW accounts. Deposits can be made and cash obtained at an automated teller machine (ATM) at any of the bank's four office locations. Mobile and online banking services are also available, including remote deposit and 24-hour banking. These alternative systems provide customers with considerable flexibility in carrying out their banking needs.

Ability and Capacity

According to the Consolidated Reports of Condition and Income (Call Report) dated December 31, 2022, HB reported \$317 in total assets, \$216 million in total loans, and \$262 million in total deposits. Since the last evaluation, HB's total assets have grown but the loan portfolio distribution has remained relatively consistent, with the exception of a decrease in the percentage of farm loans. The following table provides additional information into the composition of the loan portfolio as of December 31, 2022.

Loan Portfolio Distribution as of 12/31/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	8,411	3.9
Secured by Farmland	12,412	5.7
Secured by 1-4 Family Residential Properties	67,001	30.9
Secured by Multifamily (5 or more) Residential Properties	27,251	12.6
Secured by Nonfarm Nonresidential Properties	70,266	32.5
Total Real Estate Loans	\$185,341	85.6
Commercial and Industrial Loans	20,463	9.5
Agricultural Production and Other Loans to Farmers	4,387	2.0
Consumer Loans	3,024	1.4
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	3,245	1.5
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
Total Loans	\$216,460	100.0
<i>Source: 12/31/2022 Call Report</i>		

There are no legal or financial impediments that would hinder the bank's ability to meet the credit needs of its assessment areas.

DESCRIPTION OF ASSESSMENT AREA

Under CRA, each financial institution must define one or more assessment areas in which its performance will be evaluated. At the last evaluation, Holcomb Bank had two assessment areas. HB continues to have two contiguous assessment areas, although they were expanded to include all of Ogle and Winnebago Counties. In addition, one census tract in Lee County was dropped since the last evaluation, reflecting that agricultural loans are no longer a primary lending focus of the bank.

Ogle County is located in the Illinois non-Metropolitan Statistical Area (MSA) and Winnebago County is in the Rockford, IL MSA. Since both counties are part of the Rockford-Freeport-Rochelle, IL Combined Statistical Area (CSA), HB's lending performance in the Non-MSA and MSA will be presented together in this evaluation. The assessment areas conform to the requirements of CRA in that they consist only of whole geographies, include the census tracts where the bank's offices and deposit-taking ATMs are located, do not arbitrarily exclude low- or moderate-income areas, and do not reflect illegal discrimination.

Economic and Demographic Data

The combined assessment area is comprised of 93 census tracts with 13 tracts in Ogle County and 80 tracts in Winnebago County. All low- and moderate-income census tracts are located in Winnebago County. The table below provides select characteristics of the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	93	8.6	26.9	34.4	26.9	3.2
Population by Geography	337,138	5.8	23.3	39.9	29.9	1.1
Housing Units by Geography	148,390	6.7	24.3	39.1	28.5	1.4
Owner-Occupied Units by Geography	90,947	3.1	18.5	41.8	36.4	0.3
Occupied Rental Units by Geography	45,788	11.9	33.6	36.4	14.9	3.2
Vacant Units by Geography	11,655	13.7	32.7	29.5	20.6	3.5
Businesses by Geography	24,712	4.6	21.7	37.7	32.9	3.2
Farms by Geography	1,016	2.4	13.9	40.2	42.9	0.7
Family Distribution by Income Level	88,061	21.3	17.8	20.1	40.8	0.0
Household Distribution by Income Level	0	0.0	0.0	0.0	0.0	0.0
Median Family Income MSA - 40420 Rockford, IL MSA		\$69,881	Median Housing Value			\$119,094
Median Family Income Non-MSAs - IL		\$68,958	Median Gross Rent			\$809
			Families Below Poverty Level			11.0%
<i>Sources: 2020 U.S. Census and 2022 D&B Data. Due to rounding, totals may not equal 100.0%</i>						
<i>*The NA category consists of geographies that have not been assigned an income classification.</i>						

In 2022, of the businesses in the AA, 84.6 percent have gross annual revenues (GARs) of \$1 million or less. A total of 60.9 percent of businesses employ between one and four employees, while 28.8 percent employ just five to nine employees. Services (34.3 percent) and retail trade (12.2 percent) make up the majority of the businesses.

The unemployment rates in Ogle and Winnebago Counties, Illinois, and United States decreased or remained unchanged between December 2021 and December 2022 and reflects a favorable trend during the review period. Additional unemployment rate details are shown in the following table.

Unemployment Rates		
Area	December 2022	December 2021
	%	%
Ogle County	4.7	4.8
Winnebago County	5.3	6.7
State of Illinois	4.2	4.2
National Average	3.3	3.7

Source: Bureau of Labor Statistics

Examiners use the Federal Financial Institutions Examination Council (FFIEC)-updated median family income (MFI) level to analyze home mortgage lending performance under the Borrower Profile criterion. The following table contains information on the MFIs by category.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Rockford, IL MSA Median Family Income (40420)				
2021: \$73,300	<\$36,650	\$36,650 to <\$58,640	\$58,640 to <\$87,960	≥\$87,960
IL Non-MSA Median Family Income (99999)				
2021: \$66,700	<\$33,350	\$33,350 to <\$53,360	\$53,360 to <\$80,040	≥\$80,040

Source: Federal Financial Institutions Examination Council

Competition

Holcomb Bank operates in a competitive market for banking services. As of June 30, 2022, the FDIC's Deposit Market Share Report shows that there are 27 financial institutions operating 85 offices in the bank's assessment area. HB ranks as the 13th largest of the 27 institutions, with a 2.7 percent market share.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying credit and community development needs and opportunities. Examiners are then able to use the information they obtain to help determine whether local financial institutions are responsive to these needs.

For the current evaluation, two community contacts were performed with the first being with an economic development organization in Ogle County. An individual from this organization was interviewed and reported that economic conditions in Ogle County are relatively strong. Businesses are expanding and job growth is occurring due to the available infrastructure, land, and overall business environment. The biggest credit need, according to the contact, is for commercial loans, including small business loans. The economic development contact also stated that financial education would benefit entrepreneurs in the area who are looking to start their own businesses or expand existing operations.

The second community contact examiners made was with a representative from a neighborhood development center in Winnebago County. This representative identified a need for housing

rehabilitation loans due largely to aging housing stock where many owners have deferred maintenance since the 2008 recession. Given these circumstances, many of the homeowners do not have sufficient equity to borrow through traditional means. As such, the representative stated that easier access to home improvement funding for low- and moderate-income individuals would be helpful to address this deficiency.

Credit Needs

In order to determine credit needs of the area, examiners considered the demographics of the assessment area as well as information obtained during interviews with community contacts in Ogle and Winnebago Counties. Small business loans were identified as an important credit need, particularly given the high percentage of area businesses that operate with fewer than eight employees and considering the continuing effects of the COVID-19 pandemic. In addition, home mortgage lending, including home improvement loans, were identified financial resources that the area needs given that the recession continues to impact home maintenance for low- and moderate-income individuals.

SCOPE OF EVALUATION

General Information

This CRA Performance Evaluation covers the period from January 28, 2020 through March 13, 2023 and is based on Interagency Small Institution Examination Procedures. These procedures consist of the Lending Test as outlined in the Appendix.

Examiners analyzed Holcomb Bank's two assessment areas separately and did not identify any anomalies in the results. As the assessment areas are both in the Freeport-Rockford-Rochelle CSA, the analysis and conclusions for the two assessment areas are presented together in this evaluation.

Activities Reviewed

Commercial and residential real estate loans represent 42.0 and 43.5 percent, respectively, of the loan portfolio as reflected in the December 31, 2022 Call Report. These two loan products were analyzed and weighted evenly in evaluating the bank's CRA performance. No small farm loans or other loans types were analyzed or presented because they did not provide material support for the conclusions reached or ratings assigned in this evaluation.

A sample of commercial loans, representative of the bank's commercial lending performance for the entire review period, was selected to analyze geographic distribution and borrower profile criteria. HB is subject to the data collection requirements of the Home Mortgage Disclosure Act (HMDA). Examiners reviewed home mortgage loans reported under HMDA data collection requirements during the review period of January 1, 2020 through December 31, 2022. Within the review, lending levels were consistent for all three years. As such, the universe of home mortgage loans made in 2021 is the only year presented, as it is representative of the bank's lending performance for the entire review period and was used to analyze geographic distribution and borrower profile criteria. In addition, 2021 is the most recent year that HMDA aggregate data is available which is used as a comparative factor for home mortgage lending. The following table presents the universe and loans reviewed by loan category.

Loan Products Reviewed				
Loan Category	Universe		Loans Sampled	
	#	\$(000s)	#	\$(000s)
Small Business				
2022	108	12,191	60	9,226
Home Mortgage				
2021	360	57,947	NA	NA

Source: Bank Records from 1/01/21 through 12/31/22

Further, the residential lending analysis is also based on 2015 American Community Survey (ACS) data, while the small business lending analysis is based on the 2020 census data and 2022 D&B data.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Holcomb Bank demonstrated reasonable lending performance under the Lending Test to meet AA credit needs.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The LTD ratio, calculated from Call Report data, averaged 77.8 percent over the past 12 calendar quarters from March 31, 2020 to December 31, 2022. The ratio ranged from a low of 69.5 percent as of December 31, 2021 to a high of 86.7 percent back to June 30, 2020. Examiners selected four institutions comparable to the subject bank based largely on their geographic location, lending focus, and asset size. As reflected in the following table, Holcomb Bank's average net LTD ratio is comparable to similarly situated institutions.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2022 (\$000s)	Average Net LTD Ratio (%)
Holcomb Bank	317,162	77.8
Similarly Situated Institution #1	334,546	67.2
Similarly Situated Institution #2	169,150	54.1
Similarly Situated Institution #3	361,181	75.7
Similarly Situated Institution #4	352,016	80.0

Source: 3/31/2020 - 12/31/2022 Call Reports

Assessment Area Concentration

Holcomb Bank originated a majority of its small business and home mortgage loans in its assessment area. Only loans originated inside the AA is considered under the geographic distribution and

borrower profile analyses under the remaining sections of this lending test. The following table provides further details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	339	72.9	126	27.1	465	50,502	60.6	32,811	39.4	83,313
2021	269	74.7	91	25.3	360	37,158	64.1	20,789	35.9	57,947
2022	142	59.2	98	40.8	240	23,553	39.6	35,924	60.4	59,476
Total	750	70.4	315	29.6	1,065	111,213	55.4	89,524	44.6	200,736
Small Business										
2022	45	75.0	15	25.0	60	5,775	62.6	3,451	37.4	9,226
<i>Source: Bank Data. Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans overall, reflects reasonable dispersion throughout the assessment area. Holcomb Bank’s home mortgage reasonable lending performance in Winnebago County primarily supports this conclusion. Examiners focused on lending in the eight low-income and 25 moderate-income census tracts. These tracts are located in Winnebago County in the Rockford, IL MSA portion of the assessment area.

Home Mortgage Loans

Overall, the bank’s home mortgage lending, particularly in low-income geographies is reasonable. Geographic distribution of home mortgage loans compares the bank’s 2021 lending performance to aggregate data and the percentage of owner-occupied units located in each census tract as shown in the following table. Aggregate data reflects home mortgage lending performance by all lenders, including Holcomb Bank, that are subject to HMDA data reporting requirements.

HB originated 7.4 percent of its home mortgage loans in the low-income census tracts, which exceeds both the demographics (5.1 percent) and more than doubles the HMDA aggregate performance (2.4 percent). The bank originated 5.2 percent of its home mortgage loans in the moderate-income tracts, which is below the demographics (13.8 percent) and the HMDA aggregate performance (11.2 percent) but still reflects some penetration. Overall, the geographic distribution of home mortgage loans reflects reasonable dispersion, particularly in light of the bank’s performance in the low-income geographies, followed by penetration in moderate-income tracts in Winnebago County. Additional information is shown in the following table.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	5.1	2.4	20	7.4	1,825	4.9
Moderate						
2021	13.8	11.2	14	5.2	1,203	3.2
Middle						
2021	33.2	33.9	100	37.2	13,183	35.5
Upper						
2021	47.9	52.4	135	50.2	20,947	56.4
Not Available						
2021	0.0	0.1	0	0.0	0	0.0
Totals						
2021	100.0	100.0	269	100.0	37,158	100.0
<i>Sources: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Loans

The geographic distribution of the bank's small business lending in low- and moderate-income tracts is poor. The bank's small business loan distribution in 2022, including comparative data for businesses by tract income level, is shown in the table below.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2022	4.6	1	2.2	50	0.9
Moderate					
2022	21.7	2	4.5	351	6.1
Middle					
2022	37.7	28	62.2	3,399	58.9
Upper					
2022	32.8	13	28.9	1,532	26.5
Not Available					
2022	3.2	1	2.2	443	7.6
Totals					
2022	100.0	45	100.0	5,775	100.0
<i>Sources: 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Of the small business loans sampled, the bank only originated one loan (2.2 percent by number) in the low-income census tracts that contain 4.6 percent of businesses operating in these tracts. HB only originated two loans (4.5 percent by number) in the moderate-income tracts that contain 21.7 percent of businesses operating in these tracts. While there is a nominal volume of businesses operating in low-income tracts, which limits opportunities for banks to lend, the moderate-income tracts contain 21.7 of businesses, which provides sufficient opportunities to attract and lend to small businesses, excluding those that may not be seeking traditional financing. Overall, the bank's performance in penetrating low- and moderate-income geographies is poor.

Borrower Profile

The distribution of loans to borrowers reflects reasonable penetration among businesses of different revenue sizes and individuals of different income levels, including low- and moderate-income. Only loans originated in the assessment area are analyzed under this criterion.

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses with GARs of \$1 million or less. HB originated 84.4 percent of the sample of small business loans to these businesses, which is comparable to the 84.6 percent of these businesses in the AA. The table below provides additional details.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤\$1,000,000					
2022	84.6	38	84.4	4,306	74.6
>\$1,000,000					
2022	4.9	7	15.6	1,469	25.4
Revenue Not Available					
2022	10.5	--	--	--	--
Totals					
2022	100.0	45	100.0	5,775	100.0
<i>Sources: 2022 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The distribution of home mortgage loans to borrowers of different income levels, particularly low- and moderate-incomes, is reasonable. HB's lending performance is compared to the HMDA aggregate lending and the percentage of families within each income designation.

HB's home mortgage lending (5.6 percent) to low-income borrowers is below the HMDA aggregate performance of 10.2 percent and the percentage of low-income families, which is 21.8 percent. However, approximately 11 percent of families in the assessment area live below the poverty level. The ability to qualify for a home mortgage loan, particularly under conventional financing would be challenging, thereby limiting the demand and opportunity to lend to these lower

income borrowers. This is a factor considered when analyzing the bank's lending performance in the AA. The HMDA aggregate performance is more indicative of the actual lending opportunities to low-income families in the assessment area.

HB's home mortgage lending to moderate-income borrowers (13 percent) is slightly below, but still fairly comparable to the 16.9 percent of families at this income level and the HMDA aggregate lending of 19.6 percent. The table below provides additional details regarding home mortgage lending to low- and moderate-income borrowers in the assessment area.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2021	21.8	10.2	15	5.6	1,293	3.5
Moderate						
2021	16.9	19.6	35	13.0	3,776	10.2
Middle						
2021	20.0	22.4	63	23.4	7,276	19.6
Upper						
2021	41.2	28.4	127	47.2	20,319	54.7
Not Available						
2021	0.0	19.4	29	10.8	4,494	12.1
Totals						
2021	100.0	100.0	269	100.0	37,158	100.0
<i>Sources: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Response to Complaints

Neither the bank nor the FDIC received any CRA-related complaints since the previous evaluation; therefore, this factor was not considered in determining the overall rating.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal credit practices; therefore, this consideration did not affect the institution's overall CRA rating.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into "male householder" (a family with a male householder and no wife present) or "female householder" (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

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

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

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

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

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

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

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

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.