

PUBLIC DISCLOSURE

April 15, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Bank of Herrin
Certificate Number: 11310

101 South Park Avenue
Herrin, Illinois 62948

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, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. The following points summarize The Bank of Herrin's (BOH) performance:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area (AA) credit needs.
- The bank made a majority of its small business and home mortgage loans in the AA.
- The geographic distribution of loans reflects reasonable dispersion throughout the AA.
- The distribution of borrowers reflects reasonable penetration of loans among businesses of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

BOH is a subsidiary of FGH Bancorp, Inc., a one-bank holding company located in Herrin, Illinois, and does not have any banking-related affiliates. BOH received a Satisfactory rating at its previous CRA Performance Evaluation, dated March 26, 2018, based on Interagency Small Institution CRA Examination Procedures.

BOH is a full-service bank headquartered in Williamson County, Herrin, Illinois. In addition, the bank operates four branch locations, all located in Williamson County. Two full-service branches are located in the cities of Carterville and Marion, Illinois. Also, two limited-service branches are located in Cambria and Energy, Illinois. BOH offers a variety of loan products that include residential real estate, automobile, home improvement, commercial, and agricultural loans. The institution provides a variety of deposit services including checking and savings accounts, and certificates of deposit. BOH did not open or close any branches, and no merger or acquisition activities occurred since the previous evaluation.

As of the December 31, 2023, Consolidated Reports of Condition and Income, BOH had assets totaling \$328.6 million, which included total loans of \$194.8 million and total securities of \$92.2 million. Deposits totaled \$294.4 million as of the same date. The following table shows the loan portfolio distribution.

Loan Portfolio Distribution as of 12/31/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	7,575	3.9
Secured by Farmland	3,827	2.0
Secured by 1-4 Family Residential Properties	30,835	15.8
Secured by Multifamily (5 or more) Residential Properties	11,618	6.0
Secured by Nonfarm Nonresidential Properties	94,312	48.4
Total Real Estate Loans	148,167	76.1
Commercial and Industrial Loans	41,329	21.2
Agricultural Production and Other Loans to Farmers	165	0.1
Consumer Loans	1,620	0.8
Other Loans	3,517	1.8
Total Loans	194,798	100.0
<i>Source: Reports of Condition and Income. Due to rounding, totals may not equal 100%</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet AA credit needs.

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. BOH’s designated AA includes all of Williamson County in the Carbondale-Marion, IL Metropolitan Statistical Area (MSA). The AA conforms to the requirements of the CRA regulation and does not arbitrarily exclude any low- or moderate-income areas.

Economic and Demographic Data

The AA includes all 18 census tracts in Williamson County. According to 2020 U.S. Census data, the 18 tracts include four moderate-income, nine middle-income, four upper-income, and one tract with no income designation. The tract with no income designation includes the industrial section of the city of Marion.

At the previous evaluation, the AA included 15 census tracts comprised of three moderate-income, eight middle-income, and four upper-income tracts according to 2015 American Community Survey data. There have been several census tract income designation changes since the previous evaluation; three moderate-income tracts are now designated middle-income, two middle-income tracts are now designated moderate-income, two middle-income tracts are now designated upper-income, and one upper-income tract is now designated middle-income. Additionally, census tract 208.00 was split into two separate tracts (208.01 and 208.02) and census tract 210.00 was split into three separate tracts (210.01, 210.02, and 210.03).

The following table provides demographic information of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	18	0.0	22.2	50.0	22.2	5.6
Population by Geography	67,153	0.0	21.2	52.8	22.1	3.9
Housing Units by Geography	31,435	0.0	22.8	53.6	19.4	4.3
Owner-Occupied Units by Geography	19,712	0.0	19.5	55.9	22.0	2.6
Occupied Rental Units by Geography	8,225	0.0	30.2	48.9	11.8	9.0
Vacant Units by Geography	3,498	0.0	23.6	51.1	22.2	3.1
Businesses by Geography	5,309	0.0	14.7	49.4	26.6	9.2
Farms by Geography	214	0.0	14.5	50.0	29.4	6.1
Family Distribution by Income Level	17,434	21.0	17.7	18.9	42.4	0.0
Household Distribution by Income Level	27,937	21.5	14.2	17.1	47.2	0.0
Median Family Income MSA - 16060 Carbondale-Marion, IL MSA		\$67,046	Median Housing Value			\$122,248
			Median Gross Rent			\$747
			Families Below Poverty Level			10.4%
<i>Source: 2020 U.S. Census and 2023 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The FFIEC median family income level is used to analyze home mortgages under the borrower profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table. These categories are based on FFIEC median family incomes for 2023.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Carbondale-Marion, IL MSA Median Family Income (16060)				
2023 (\$81,100)	<\$40,550	\$40,550 to <\$64,880	\$64,880 to <\$97,320	≥\$97,320
<i>Source: FFIEC</i>				

The local economy is largely based on service industries and represents the largest portion of businesses (37.0 percent); followed by non-classifiable establishments (16.9 percent); retail trade (13.1 percent); and finance, insurance, and real estate (9.5 percent). In addition, 90.6 percent of AA businesses have nine or fewer employees and 87.6 percent operate from a single location.

The analysis of small business loans under the borrower profile criterion compares the distribution of loans to the distribution of businesses by revenue category. According to 2023 D&B data, the AA contained 5,309 businesses. Gross annual revenues (GARs) for these businesses are below:

- 84.0 percent have GARs of \$1.0 million or less,
- 4.0 percent have GARs over \$1.0 million, and
- 12.0 percent have unknown GARs.

Data from the U.S. Bureau of Labor Statistics indicates that the February 2024 unemployment rate in Williamson County was less than the state of Illinois average, but higher than the national average.

Unemployment Rates	
County or Area	February 2024
	%
United States	3.9
State of Illinois	5.3
Williamson County	5.0
<i>Source: Bureau of Labor Statistics</i>	

Competition

The bank operates in a highly competitive environment for financial services. According to FDIC Deposit Market Share data as of June 30, 2023, 14 financial institutions operated 42 offices inside the AA. Of these institutions, BOH ranked third with a 16.5 percent deposit market share. The top two institutions accounted for 45.6 percent of the market share.

There is also a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. According to 2022 peer mortgage data, 169 lenders reported 1,605 residential mortgage loan originations or purchases in the AA. The top five lenders accounted for 29.6 percent of the total market share. While BOH was not required to report Home Mortgage Disclosure Act (HMDA) data in 2022, the level of lending amongst peers provides performance context for the evaluation.

Community Contacts

As part of the evaluation process, examiners contact third-parties active in the AA to assist in identifying credit and community development needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit and community development opportunities are available.

Examiners contacted a representative of an economic development organization in the AA. The contact identified a significant level of opportunity for small business lending, especially to start-up businesses. The contact noted a need to attract new businesses. The contact also noted the need for affordable home loans given the high interest rates and home prices holding steady. Overall, the

contact indicated that local financial institutions have been responsive to the credit and community development needs.

Credit Needs

Considering information from the community contact, bank management, and economic and demographic data, examiners determined that small business and home mortgage lending represent the primary credit needs of the AA. The bank demonstrated reasonable performance in meeting these needs, as detailed throughout this evaluation.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated March 26, 2018, to the current evaluation dated April 15, 2024. Examiners used the Interagency Small Institution CRA Examination Procedures to evaluate BOH's CRA performance.

Activities Reviewed

Examiners determined that the bank's major product lines are small business and home mortgage loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. The bank's primary focus remains commercial lending which represents 69.6 percent of the loan portfolio by dollar volume. Residential lending represents 15.8 percent of the loan portfolio by dollar volume. Furthermore, no other loan types, such as small farm or consumer loans, represent a major product line and provide no material support for the conclusions or ratings.

The bank's record of originating small business and home mortgage loans contributed to the overall conclusions. Examiners placed more weight on small business loans since they are more of a strategic focus of the bank.

Bank records indicated that the lending focus and product offering remained consistent throughout the evaluation period. Examiners analyzed all small business and home mortgage loans originated in 2022 and 2023. Examiners did not identify any trends in the data that materially affect the conclusions. Therefore, this evaluation presents information for small business and home mortgage loans originated in 2023 only.

The bank is not required to report small business data and elected not to do so; therefore, examiners compared the bank's performance to D&B data as a standard of comparison. BOH originated 387 small business loans totaling \$52.5 million in 2023. All loans originated within the bank's AA were considered under the geographic distribution and borrower profile criterion.

The bank started an indirect small business lending program with numerous machine tool businesses in late 2022. The volume of this specialty lending program grew significantly in 2023 when the bank originated 216 loans totaling \$28.6 million.

In addition, this evaluation considered all home mortgage loans reported on the bank’s 2023 HMDA Loan Application Register. For 2023, the bank reported 95 loans totaling \$16.4 million. The bank was not required to report home mortgage loans in 2022; therefore, this evaluation presents information for 2023, the most recent full calendar year with demographic data. These loans are considered representative of the bank’s performance during the entire evaluation period. Examiners compared the home mortgage loans to 2020 U.S. Census demographic data.

Examiners reviewed the number and dollar volume of loans. While the number and dollar volume of loans are presented, the performance by the number of loans is emphasized because it is a better indicator of the number of individuals and businesses served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

BOH demonstrated reasonable performance under the Lending Test. The geographic distribution of loans and borrower profile analyses primarily support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution’s size, financial condition, and AA credit needs. As of December 31, 2023, the bank’s net LTD ratio was 65.4 percent and averaged 67.7 percent over the past 24 calendar quarters from March 31, 2018, to December 31, 2023. The ratio ranged from a high of 80.4 percent as of December 31, 2018, to a low of 54.7 percent as of March 31, 2022, and has steadily increased since. Examiners compared BOH’s average net LTD to comparable institutions based on asset size, geographic location, and lending focus. As shown in the following table, the bank’s ratio is comparable to that of two similarly-situated institutions and below that of one similarly-situated institution.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2023 \$(000s)	Average Net LTD Ratio (%)
The Bank of Herrin	328,624	67.7
Similarly-Situated Institution #1	345,981	86.8
Similarly-Situated Institution #2	147,820	65.3
Similarly-Situated Institution #3	654,567	69.8
<i>Source: Reports of Condition and Income 03/31/2018, through 12/31/2023</i>		

Assessment Area Concentration

Examiners analyzed all small business and home mortgage loans originated or renewed in 2022 and 2023 to determine the percentage of loans extended inside and outside the AA. Overall, BOH

originated a majority of its loans by number and dollar amount for home mortgage loans in 2022 and 2023 and small business loans in 2022 within the AA, as shown in the following table.

BOH started an indirect small business lending program with numerous machine tool businesses near the end of 2022. These loans are originated throughout the country, so a vast majority of small business loans in 2023 are outside the bank’s designated AA. In 2022, the bank originated 14 machine tool financing loans for \$2.2 million and in 2023, the bank originated or renewed 216 machine tool financing loans for \$28.6 million. Despite the bank’s increase in specialty lending outside the bank’s AA, the bank continues to have reasonable lending within the AA. Without the specialty lending program the bank originated 73.7 percent of its small business loans in 2023 inside the designated AA.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans				Total \$
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2022	69	72.6	26	27.4	95	12,485	76.3	3,873	23.7	16,358
2023	61	69.3	27	30.7	88	6,440	44.2	8,135	55.8	14,575
Subtotal	130	71.0	53	29.0	183	18,925	61.2	12,008	38.8	30,933
Small Business										
2022	128	67.7	61	32.3	189	13,358	60.1	8,883	39.9	22,241
2023	126	32.6	261	67.4	387	17,667	33.6	34,840	66.4	52,507
Subtotal	254	44.1	322	55.9	576	31,025	41.5	43,723	58.5	74,748
Total	384	50.6	375	49.4	759	49,950	47.3	55,731	52.7	105,681

*Source: Bank Data; Due to rounding, totals may not equal 100.0%
Dollar amounts for Small Business loans are multiplied by 1000.*

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA. The bank’s reasonable performance of small business lending and excellent performance of home mortgage lending support this conclusion. Only loans made inside the AA are included in the analyses.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion.

As shown in the following table, the bank originated 11.9 percent of its small business loans in 2023 to businesses located within moderate-income tracts. This is comparable to the 14.7 percent of businesses in the AA located within these tracts. Additionally, the moderate-income geographies were located in towns that are either home to mostly corporate-owned, franchise operations, or had a lack of small business lending opportunities. Larger corporations in the moderate-income tracts generally do not seek credit locally. Furthermore, there is a high level of competition in the bank’s AA (12 banking facilities with 26 offices are located within the four moderate-income census

tracts). Given these factors as well as the bank’s performance, the distribution of lending is reasonable.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2023	14.7	15	11.9	1,609	9.1
Middle					
2023	49.4	63	50.0	7,056	39.9
Upper					
2023	26.6	36	28.6	5,406	30.6
Not Available					
2023	9.2	12	9.5	3,596	20.4
Totals					
2023	100.0	126	100.0	17,667	100.0
<i>Source: 2023 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects excellent dispersion throughout the AA.

The following table shows that the bank originated 31.1 percent of its home mortgage loans in moderate-income tracts in 2023. This is well above the demographic data of 19.5 percent. Further, the AA is highly competitive for home mortgage lending, as previously mentioned. In 2022, 82 lenders originated or purchased 365 home mortgage loans in moderate-income tracts. In 2022, only three financial institutions, all of which are much larger than BOH in asset size, originated or purchased more loans in moderate-income census tracts. Given this performance context and the bank’s performance, the distribution of loans is considered excellent.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate					
2023	19.5	19	31.2	1,802	28.0
Middle					
2023	55.9	31	50.8	3,315	51.5
Upper					
2023	22.0	10	16.4	1,242	19.3
Not Available					
2023	2.6	1	1.6	81	1.3
Totals					
2023	100.0	61	100.0	6,440	100.0
<i>Source: 2020 U.S. Census; Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of loans to borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels. Examiners focused on the percent of small business loans to businesses with GARs of \$1 million or less, and on the percent of home mortgage loans to low- and moderate-income borrowers. Only loans made inside the AA are included in the analyses.

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses of different sizes.

The following table shows that the bank originated a majority of its small business loans in 2023 to businesses with GARs of \$1 million or less. While the bank's lending of 57.1 percent is below the demographic data of 84.0 percent, demographic data is not necessarily indicative of loan demand. While the bank is not required to collect small business data and elects not to do so, aggregate lending data can provide performance context to the level of demand in the AA. In 2022, aggregate lending data shows that lenders originated 53.8 percent of their small business loans to businesses with GARs or \$1 million or less. Additionally, the AA is highly competitive for small business lending. In 2022, 54 lenders reported 547 small business loans to businesses with GARs of \$1 million or less, with the most loans originated by a non-national bank being 66 loans. While it is not a direct comparison, BOH's performance in 2023 was above that of lenders reporting small business data in 2022. To further demonstrate the bank's performance, 79.2 percent of the bank's small business loans to businesses with GARs of \$1 million or less were equal to or under \$200,000. This demonstrates the bank's willingness to lend to small local businesses, which a community contact identified as a prevalent need in the AA. Given the performance context, the bank's performance is considered reasonable.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2023	84.0	72	57.1	9,027	51.1
>\$1,000,000					
2023	4.0	37	29.4	7,683	43.5
Revenue Not Available					
2023	12.0	17	13.5	957	5.4
Totals					
2023	100.0	126	100.0	17,667	100.0
<i>Source: 2023 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 individuals of different income levels, including low- and moderate-income borrowers, is reasonable. The following table shows the distribution of loans to borrowers of different income levels.

The table shows that the bank originated 8.2 percent of its home mortgage loans in 2023 to low-income borrowers. This is below the percent of families in the AA of 21.0. However, it should also be noted that 10.4 percent of low-income families live below the poverty level. Due to their limited financial resources, families with incomes below the poverty level generally do not have the capacity to support a home mortgage, limiting the demand and opportunity for lending to low-income borrowers. When considering this performance context, the bank's level of lending is comparable to the percent of families that can reasonably be expected to afford a home loan of 10.6 percent.

Home mortgage lending to moderate-income borrowers in 2023 of 8.2 percent was below the demographic data of 17.7 percent. As previously mentioned, the AA is highly competitive for home mortgage lending. For example, in 2022, 69 lenders originated or purchased 338 home loans to moderate-income borrowers. Fifteen of these lenders originated or purchased more than five home loans, with 13 of those lenders being large national banks, credit unions, or mortgage companies. Given the performance context, the bank's performance is considered reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low					
2023	21.0	5	8.2	344	5.3
Moderate					
2023	17.7	5	8.2	369	5.7
Middle					
2023	18.9	7	11.5	720	11.2
Upper					
2023	42.4	20	32.8	2,208	34.3
Not Available					
2023	0.0	24	39.3	2,799	43.5
Totals					
2023	100.0	61	100.0	6,440	100.0
<i>Source: 2020 U.S. Census; Bank Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the 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 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.