

PUBLIC DISCLOSURE

July 9, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community State Bank
Certificate Number: 1839

101 N Chicago Street
Royal Center, Indiana 46978

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.

Community State Bank's (CSB) Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize performance.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and AA credit needs.
- A majority of loans and other lending-related activities are in the institution's AA.
- The geographic distribution of loans reflects poor dispersion throughout the AA.
- The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels.
- The institution did not receive any CRA-related complaints since the previous examination; therefore, this factor did not affect the rating.

DESCRIPTION OF INSTITUTION

CSB is headquartered in Royal Center, Indiana and operates across five counties in central Indiana. The bank is a wholly owned subsidiary of Community Bancorp, a one bank holding company. CSB received a Satisfactory rating at its previous FDIC Performance Evaluation dated May 21, 2018, based on Interagency Small Institution CRA Examination Procedures.

CSB is primarily an agricultural lender; agricultural loans represent approximately 39.4 percent of the total loan portfolio. Commercial and residential loans represent 11.8 and 25.3 percent of the total loan portfolio, respectively. Consumer loans (7.3 percent) do not make up a sizable portion of the loan portfolio and therefore, would not result in meaningful conclusions and were not included in the performance evaluation.

The bank offers traditional deposit products including checking, savings, certificates of deposit, Individual Retirement Accounts, and health savings accounts. The bank also offers alternative delivery systems including online and mobile banking, and Automated Teller Machines (ATMs).

CSB operates three full-service offices in addition to the main office. Since the previous evaluation, no merger or acquisition activities occurred, and there were no changes to branch locations. The bank does not have any affiliates or subsidiaries that warrant consideration within the CRA evaluation.

The bank’s assets totaled \$173.3 million as of March 31, 2024 and include total loans of \$82.5 million and total securities of \$71.8 million. The bank has total deposits of \$158.4 million. Since the previous evaluation, assets grew by 47.1 percent, loans decreased by 1.7 percent, securities grew by 365.7 percent, and deposits by 51.3 percent. The following table illustrates the bank’s loan portfolio distribution.

Loan Portfolio Distribution as of 3/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	2,501	3.0
Secured by Farmland	22,466	27.2
Secured by 1-4 Family Residential Properties	20,860	25.3
Secured by Multifamily (5 or more) Residential Properties	--	0.0
Secured by Nonfarm Nonresidential Properties	933	1.1
Total Real Estate Loans	46,760	56.6
Commercial and Industrial Loans	8,853	10.7
Agricultural Production and Other Loans to Farmers	10,067	12.2
Consumer Loans	5,999	7.3
Obligations of State and Political Subdivisions in the U.S.	10,125	12.3
Other Loans	--	0.0
Lease Financing Receivable (net of unearned income)	722	0.9
Less: Unearned Income	--	0.0
Total Loans	82,526	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 would limit the institution’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 to evaluate its CRA performance. CSB delineated a single AA that is not located within a Metropolitan Statistical Area (MSA), as discussed in the following sections.

Economic and Demographic Data

The AA includes 40 continuous census tracts, including all 11 tracts in Cass County, 6 tracts in Fulton County, 10 tracts in Miami County, 4 tracts in Pulaski County, and 9 tracts in White County. Based on 2020 U.S. Census, the AA includes no low-, 8 moderate-, 29 middle-, and 3 upper-income tracts. The income composition of the AA changed since the previous evaluation due to updated information from the 2020 U.S. Census. The following table details select demographic characteristics of the AA.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	40	0.0	20.0	72.5	7.5	0.0
Population by Geography	131,514	0.0	17.9	75.1	7.0	0.0
Housing Units by Geography	60,775	0.0	18.2	73.7	8.2	0.0
Owner-Occupied Units by Geography	38,214	0.0	16.0	76.4	7.6	0.0
Occupied Rental Units by Geography	13,012	0.0	24.0	72.2	3.8	0.0
Vacant Units by Geography	9,549	0.0	19.0	64.6	16.4	0.0
Businesses by Geography	11,084	0.0	19.2	74.1	6.7	0.0
Farms by Geography	1,406	0.0	6.9	82.1	11.0	0.0
Family Distribution by Income Level	33,387	19.3	20.6	23.4	36.6	0.0
Household Distribution by Income Level	51,226	24.0	18.1	19.7	38.2	0.0
Median Family Income Non-MSAs - IN		\$67,032	Median Housing Value			\$107,017
			Median Gross Rent			\$678
			Families Below Poverty Level			8.7%
<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 geographic distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units. According to 2020 U.S. Census data, the AA contains 60,775 housing units, of which 62.9 percent are owner-occupied, 21.4 percent are rental units, and 15.7 percent are vacant.

The analysis of small business loans under the borrower profile criterion compares the distribution of small businesses by the Gross Annual Revenues (GAR) of the borrowers. According to 2023 D&B data, the AA contains 11,084 non-farm businesses with the following GAR levels:

- 86.8 percent have revenues of \$1 million or less
- 3.2 percent have revenues of more than \$1 million
- 10.0 percent have unknown revenues

The analysis of small farm loans under the borrower profile criterion compares the distribution of small farms by the GARs of the borrowers. According to 2023 D&B data, the AA contains 1,406 farms with the following GAR levels:

- 98.1 percent have revenues of \$1 million or less
- 1.1 percent have revenues of more than \$1 million
- 0.8 percent have unknown revenues

The 2023 D&B data shows the largest industries in the AA are services (34.1 percent); retail trade (12.3 percent); finance, insurance, and real estate (9.6 percent); and construction (7.8 percent). In

addition, 91.3 percent of area businesses operate from a single location, and 65.5 percent have four or fewer employees. The top employers within the AA are Tyson Fresh Meats, Rochester Metal Products Corporation, and Braunability. Additionally, local hospitals and schools are significant employers in all five counties.

Examiners utilized the 2022 and 2023 FFIEC-updated median family income levels to analyze home mortgage loans under the borrower profile criterion. The following table presents the low-, moderate-, middle-, and upper-income categories for the AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
IN NA Median Family Income (99999)				
2022 (\$74,500)	<\$37,250	\$37,250 to <\$59,600	\$59,600 to <\$89,400	≥\$89,400
2023 (\$82,700)	<\$41,350	\$41,350 to <\$66,160	\$66,160 to <\$99,240	≥\$99,240
<i>Source: FFIEC</i>				

Examiners considered unemployment data when evaluating the bank’s ability to lend within the AA. Data obtained from the U.S. Bureau of Labor Statistics shows that unemployment rates within the AA have risen slightly throughout the evaluation period and remain generally consistent with both the state and national averages, as shown in the following table.

Unemployment Rates			
Area	2022	2023	May 2024
	%	%	%
Cass County	3.3	3.7	4.3
Fulton County	3.1	3.5	4.1
Miami County	4.2	3.9	4.7
Pulaski County	2.6	2.9	3.3
White County	2.6	2.7	3.2
State of Indiana	3.1	3.3	3.9
National Average	3.6	3.6	4.0
<i>Source: Bureau of Labor Statistics</i>			

Competition

The AA is a moderately competitive market for financial services. According to 2023 FDIC deposit data, 18 insured depository institutions operate 43 banking offices within the AA. Of these institutions, CSB ranked 10th with a 5.0 percent market share. The five most prominent institutions accounted for 46.4 percent of the total deposit market share.

The bank is not required to collect and report its small farm, home mortgage, and small business lending data. Therefore, analyses of these products under the Lending Test does not include

comparisons to aggregate data. The aggregate data, however, reflects the level of competition for these products.

In 2022, the most recent year for which aggregate home mortgage lending data is available, 265 lenders originated or purchased 5,322 home mortgage loans in the AA. The 10 most prominent lenders accounted for 38.7 percent of total market share indicating a high level of competition for home mortgage loans.

Aggregate data for 2022 shows 57 institutions originated 2,077 small business loans in the AA, indicating a high level of competition. The 10 most prominent lenders accounted for 78.1 percent of total market share indicating a high level of competition for small business loans.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the 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 an economic development organization that serves the AA. The contact stated that the area has a significant amount of vacant housing, and there is a need for new housing construction and rehabilitation of vacant housing. Additionally, the contact stated that farm lending has seen a decrease in demand in recent years, but more recently, demand began increasing and the contact expects to see a continued increase into 2025.

Credit Needs

Considering information from the community contact, bank management, and economic and demographic data, examiners determined that agriculture, residential construction and home equity lending represent primary credit needs in the AA.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated May 21, 2018, to the current evaluation as of July 9, 2024. Examiners used Interagency Small Institution Examination Procedures to evaluate the bank's performance. The procedures consist of the Small Bank Lending Test (Lending Test). The criteria for the test is described in the appendix.

This evaluation does not include any lending activities performed by affiliates.

Activities Reviewed

CSB's major product lines are small farm, home mortgage, and small business loans. This conclusion considered the bank's business strategy and portfolio composition, and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as consumer loans, represent a major product line. Other loan types, therefore, provided no material support for conclusions or ratings, and are not presented. CSB's lending focus and product mix remained generally consistent throughout the evaluation period.

Based on origination volumes and information from management, the bank's primary lending focus is small farm lending; therefore, examiners placed the greatest emphasis on small farm lending in the overall conclusions and rating, followed equally by small business and home mortgage lending.

Examiners analyzed and presented the full universe of small farm, home mortgage, and small business loans originated in 2022 and 2023. CSB originated 125 small farm loans totaling \$15.3 million in 2022 and 106 totaling \$8.2 million in 2023, 32 home mortgage loans totaling \$4.9 million in 2022 and 19 totaling \$2.8 million in 2023, and 86 small business loans totaling \$5.7 million in 2022 and 61 totaling \$4.4 million in 2023.

While this evaluation includes the number and dollar volume of loans, examiners emphasized performance by number of loans, because it is a better indicator of the number of individuals and businesses served. Examiners evaluated only loans extended within the AA for the geographic distribution and borrower profile criteria.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Overall, CSB demonstrated reasonable performance under the Lending Test. Despite poor performance in the geographic distribution criterion, reasonable performance in the LTD ratio, assessment area concentration, and borrower profile criteria support the overall conclusion.

Loan-to-Deposit Ratio

The LTD is reasonable given the institution's size, financial condition, and AA credit needs. The institution's LTD ratio, calculated from Call Report data, averaged 61.7 percent over the past 25 calendar quarters from March 31, 2018, through March 31, 2024. The institution's ratio for the current evaluation period decreased substantially from the ratio at the previous evaluation, which was 79.0 percent. Similarly, ratios decreased for all similarly-situated institutions. The ratio steadily decreased for the evaluation period with a high of 81.9 percent as of September 30, 2018, hitting a low of 47.2 percent as of March 31, 2023, and is currently slightly higher at 51.3 percent. The change was due to significant deposit growth during the evaluation period. The institution's total loans decreased 1.7 percent during the evaluation period, while deposits grew by 51.3 percent. As illustrated in the following table, the ratio compares favorably to one similarly-situated institution, and slightly trails the

other two similarly-situated institutions. All similarly-situated institutions are chosen based on their asset size, product lines, and geographic locations.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2024 (\$000s)	Average Net LTD Ratio (%)
Community State Bank	173,319	61.7
Fowler State Bank	202,632	58.8
The Farmers and Merchants, Boswell	196,334	64.0
Bank of Wolcott	241,476	68.5
<i>Source: Reports of Condition and Income 3/31/2018 – 3/31/2024</i>		

Assessment Area Concentration

Overall, a majority of loans and other lending-related activities are within the institution’s AA. As shown in the following table, CSB originated 80.9 percent of loans by number and 80.7 percent of loans by dollar volume within the assessment area for all evaluated products.

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										
2022	27	84.4	5	15.6	32	3,486	70.8	1,436	29.2	4,922
2023	17	89.5	2	10.5	19	2,309	81.6	519	18.4	2,828
Subtotal	44	86.3	7	13.7	51	5,795	74.8	1,955	25.2	7,750
Small Business										
2022	64	74.4	22	25.6	86	4,418	78.2	1,232	21.8	5,650
2023	49	80.3	12	19.7	61	3,326	75.8	1,063	24.2	4,389
Subtotal	113	76.9	34	23.1	147	7,744	77.1	2,295	22.9	10,039
Small Farm										
2022	103	82.4	22	17.6	125	12,784	83.3	2,556	16.7	15,340
2023	87	82.1	19	17.9	106	7,048	85.8	1,165	14.2	8,213
Subtotal	190	82.3	41	17.7	231	19,832	84.2	3,721	15.8	23,553
Total	347	80.9	82	19.1	429	33,371	80.7	7,971	19.3	41,342
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

Overall, the geographic distribution of loans reflects poor dispersion throughout the AA, based on small farm, home mortgage, and small business lending activities.

Small Farm Loans

The geographic distribution of small farm loans reflects poor dispersion through the AA. As shown in the following table, CSB’s lending in moderate-income census tracts significantly trails the percentage of farms in both years.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate					
2022	6.6	2	1.9	30	0.2
2023	6.9	1	1.1	25	0.4
Middle					
2022	82.0	95	92.2	12,050	94.3
2023	82.1	82	94.3	6,842	97.1
Upper					
2022	11.3	6	5.8	704	5.5
2023	11.0	4	4.6	181	2.6
Totals					
2022	100.0	103	100.0	12,784	100.0
2023	100.0	87	100.0	7,048	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects poor dispersion through the AA. As shown in the following table, CSB’s lending in moderate-income census tracts in 2022 significantly trails the percentage of owner-occupied housing units. Additionally, the bank originated no home mortgage loans in moderate-income census tracts in 2023.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate					
2022	16.0	2	7.4	671	19.3
2023	16.0	0	0.0	0	0.0
Middle					
2022	76.4	23	85.2	2,635	75.6
2023	76.4	17	100.0	2,309	100.0
Upper					
2022	7.6	2	7.4	180	5.2
2023	7.6	0	0.0	0	0.0
Totals					
2022	100.0	27	100.0	3,486	100.0
2023	100.0	17	100.0	2,309	100.0
<i>Source: 2020 U.S. Census; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion through the AA. As shown in the following table, CSB’s lending in moderate-income census tracts significantly trails the percentage of businesses in both years.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2022	19.1	2	3.1	466	10.5
2023	19.2	2	4.1	22	0.7
Middle					
2022	74.3	59	92.2	2,935	66.4
2023	74.1	44	89.8	1,755	52.8
Upper					
2022	6.6	3	4.7	1,017	23.0
2023	6.7	3	6.1	1,549	46.6
Totals					
2022	100.0	64	100.0	4,418	100.0
2023	100.0	49	100.0	3,326	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among individuals of different income levels, and businesses and farms of different sizes in the AA. CSB's performance in small farm, home mortgage, and small business lending supports the overall conclusion.

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different sizes. As shown in the following table, CSB's lending to farms with GARs of \$1.0 million or less significantly trailed the percentage of farms in 2022 and 2023. However, the percentage of farms is not necessarily indicative of the demand for small farm loans. This category includes the smallest farms, such as hobby and other small entities that may likely seek alternative forms of credit, such as credit cards and home equity lines of credit.

Additionally, for approximately 21.0 to 31.0 percent of small farm loans, the bank did not obtain GAR data. The bank does not collect GARs for small farm loans in amounts under \$50,000 to reduce the burden on applicants. Of the 32 loans in 2022 without GAR data, over 65.0 percent had loan amounts of less than \$20,000, suggesting that the borrowers had relatively small operations. Similarly, of the 19 loans without GAR data in 2023, over 63.0 percent had loan amounts of less than \$20,000. This suggests that the bank actively lends to the smallest of farms in the AA.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000					
2022	98.3	55	53.4	5,539	43.3
2023	98.1	60	69.0	4,241	60.2
>\$1,000,000					
2022	1.0	16	15.5	6,083	47.6
2023	1.1	8	9.2	1,923	27.3
Revenue Not Available					
2022	0.6	32	31.1	1,162	9.1
2023	0.8	19	21.8	884	12.5
Totals					
2022	100.0	103	100.0	12,784	100.0
2023	100.0	87	100.0	7,048	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The distribution of home mortgage loans reflects reasonable penetration among borrowers of different income levels. As shown in the following table, the bank’s lending to low-income borrowers closely trails the percentage of families in 2023. This is reasonable given that this category includes the approximately 8.7 percent of AA families with incomes below the poverty level. Families below the poverty level likely face significant difficulties qualifying for and/or servicing debts in amounts necessary to afford homes in the AA. Furthermore, in 2022, the bank’s lending to moderate-income borrowers significantly exceeded the percentage of moderate-income families. Performance decreased in 2023 with the increase in interest rates and the drop in lending activities; however, lending performance to moderate-income borrowers is reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low					
2022	19.3	3	11.1	121	3.5
2023	19.3	3	17.6	282	12.2
Moderate					
2022	20.6	10	37.0	861	24.7
2023	20.6	2	11.8	220	9.5
Middle					
2022	23.4	7	25.9	693	19.9
2023	23.4	3	17.6	349	15.1
Upper					
2022	36.6	6	22.2	1,612	46.2
2023	36.6	9	52.9	1,458	63.1
Not Available					
2022	0.0	1	3.7	200	5.7
2023	0.0	0	0.0	0	0.0
Totals					
2022	100.0	27	100.0	3,486	100.0
2023	100.0	17	100.0	2,309	100.0
<i>Source: 2020 U.S. Census; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. As shown in the following table, CSB’s lending to businesses with GARs of \$1.0 million or less significantly trailed the percentage of businesses in 2022 and 2023. However, the percentage of businesses is not necessarily indicative of the demand for small business loans. This category includes the smallest businesses, such as start-ups and other small entities that may likely seek alternative forms of credit, such as credit cards and home equity lines of credit.

In order to assess local demand, examiners reviewed CRA small business lending aggregate data, which shows that reported lenders granted approximately 55.0 percent of their small business loans to entities with GARs of \$1.0 million or less in 2022. As discussed earlier, CSB is not required to report small business lending data and its performance is not compared to aggregate data. Nevertheless, the aggregate data reflects local demand, which helps provide context for CSB’s lending dispersion.

Additionally, the bank did not collect GAR information from borrowers for approximately 45.0 percent of its small business loans. Like small farm lending, the bank does not collect GARs for small business loans in amounts below \$50,000 to reduce the burden on applicants. The average

loan amounts in these cases ranged from \$13,500 to \$18,000, suggesting that the bank actively lends to the smallest of businesses in the AA.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2022	85.3	23	35.9	1,386	31.4
2023	86.8	23	46.9	1,585	47.7
>\$1,000,000					
2022	3.7	11	17.2	2,499	56.6
2023	3.2	4	8.2	1,445	43.4
Revenue Not Available					
2022	11.0	30	46.9	533	12.1
2023	10.0	22	44.9	296	8.9
Totals					
2022	100.0	64	100.0	4,418	100.0
2023	100.0	49	100.0	3,326	100.0
<i>Source: 2022 & 2023 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

The institution did not receive any CRA-related complaints since the prior evaluation; therefore, this criterion did not affect the Lending Test 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.