

PUBLIC DISCLOSURE

March 26, 2018

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 (AA), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize The Bank of Herrin (BoH) performance.

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

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated September 30, 2013, to the current evaluation dated March 26, 2018. Examiners used the Interagency Small Institution Examination Procedures to evaluate BoH's CRA performance. The performance is evaluated according to the following criteria: LTD ratio, AA concentration, geographic distribution, borrower profile, and response to CRA-related complaints.

Loan Products Reviewed

Examiners determined that the bank's major product lines are home mortgage loans and small business 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 is commercial lending which represents 59.3 percent by dollar volume. Residential lending represents 28.5 percent by dollar volume and farm lending represents 2.1 percent by dollar volume of the loan portfolio as of December 31, 2017.

The bank's record of originating home mortgage and small business loans contributed to the overall conclusions. More weight was placed on small business loans since this is more of a strategic focus of the bank. 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.

Bank records indicated that the lending focus and product offering remained consistent throughout the evaluation period. Examiners analyzed all home mortgage and small business

loans originated in 2015, 2016, and 2017. Examiners did not identify any trends in the 2015, 2016, and 2017 data that materially affect the conclusions. Therefore, this evaluation presents information for loans originated in 2016 and 2017 for small business and home mortgage loans.

This evaluation considered the entire universe of small business loans originated during the period January 1, 2016, through December 31, 2017 for the Assessment Area Concentration and Geographic Distribution analyses. For 2016, the bank reported 211 small business loans totaling \$20.0 million. For 2017, the bank reported 188 small business loans totaling \$18.4 million. For the Borrower Profile Analysis, examiners reviewed a sample of 73 small business loans totaling \$7.9 million originated in calendar year 2016 and a sample of 70 small business loans totaling \$8.1 million originated in calendar year 2017. These loans are considered representative of the bank's performance during the entire evaluation period. D&B data for 2016 and 2017 provided a standard of comparison for all small business loans.

In addition, this evaluation considered all home mortgage loans reported on the bank's 2016 and 2017 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). For 2016, the bank reported 128 loans totaling \$19.7 million and for 2017, the bank reported 121 loans totaling \$15.7 million. These loans are considered representative of the bank's performance during the entire evaluation period. For 2016, home mortgage loans were compared to 2010 U.S. Census data. For 2017, the home mortgage loans were compared to 2015 American Community Survey (ACS) data. This evaluation presents aggregate information for 2016, the most recent year for which such data is available.

While examiners reviewed the number and dollar volume of loans, examiners emphasized performance by number of loans because the number of loans is a better indicator of the number of borrowers served.

DESCRIPTION OF INSTITUTION

Background

BoH is a subsidiary of FGH Bancorp, Inc., a one-bank holding company located in Herrin, Illinois, and does not operate or control any affiliates. BoH received a Satisfactory rating at its previous CRA Performance Evaluation, dated September 30, 2013, based on Interagency Small Institution Examination Procedures.

Operations

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 loans, vehicle loans for new and used vehicles, home improvement loans, business loans, and farm loans. The institution provides a variety of deposit services including checking and savings accounts, and certificates of deposit. No branches were opened or closed and no merger or acquisition activities occurred since the previous evaluation.

Ability and Capacity

Assets totaled \$256.9 million as of December 31, 2017, and included total loans of \$168.4 million and cash, federal funds sold, and securities totaling \$80.4 million. The following table shows the loan portfolio distribution as of December 31, 2017. Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet AA credit needs.

Loan Portfolio Distribution as of 12/31/17		
Loan Category	\$(000s)	%
Construction and Land Development	12,329	7.3
Secured by Farmland	1,871	1.1
1-4 Family Residential	39,603	23.5
Multi-family (5 or more) Residential	8,443	5.0
Commercial Real Estate	74,433	44.2
Total Real Estate Loans	136,679	81.1
Commercial and Industrial	25,424	15.1
Agricultural	876	<1.0
Consumer	5,360	3.2
Other	91	<1.0
Total Loans	168,430	100.0

Source: Reports of Income and Condition

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. The bank's AA includes all 15 census tracts in 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.

There has been no change to the delineation of the AA since the last evaluation. The following sections discuss demographic and economic information for the AA.

Both 2010 U.S. Census and 2015 ACS data show that the 15 census tracts in the AA are categorized as 3 moderate-income, 8 middle-income, and 4 upper-income; however, specific census tracts changed categories from the 2010 U.S. Census to the 2015 ACS. Tract 210 changed from moderate-income to middle-income. This tract contains the Kokopelli Golf Club and surrounding housing development. The golf course was built in 1996; however, the housing development was not fully completed at the time of the 2010 U.S. Census. Subsequent development resulted in the change in the income classification. This tract also contains much of the west side of Marion, which has seen a significant amount of commercial development over the past 10 years; therefore, this income classification change also caused the significant decline in the percent of businesses in the moderate-income tracts in Williamson County.

Tract 207, which contains Johnson City, changed from middle-income to moderate-income. Johnson City has had a steadily declining population since its peak of 7,137 in 1920 to

its estimated population of 3,488 per the 2015 ACS. This population decline is attributed to the loss of coal mining jobs in Williamson County over the years and the lack of any type of industrial development that could replace these high paying jobs. Tract 203 and 214 changed from middle-income to upper-income. Tract 203 contains the city of Energy, which is just south of Herrin and west of Marion, and tract 214 is a large tract that includes most of the southwest quarter of Williamson County. Both of these tracts have had some development of new homes in recent years, which has caused the change in classification. Tract 202.01 and tract 202.02 changed from upper-income to middle-income, due to people moving to other areas in Williamson County, particularly the southern half of the county as noted by the community contact.

Economic and Demographic Data

The tables below illustrate select demographic characteristics of the AA. The first table represents the information based on the 2010 U.S. Census and the second table represents the information based on the 2015 ACS.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	15	0.0	20.0	53.3	26.7	0.0
Population by Geography	66,357	0.0	18.5	55.8	25.6	0.0
Housing Units by Geography	30,070	0.0	21.0	53.7	25.3	0.0
Owner-Occupied Units by Geography	19,365	0.0	14.3	58.9	26.8	0.0
Occupied Rental Units by Geography	6,959	0.0	35.7	41.4	22.9	0.0
Vacant Units by Geography	3,746	0.0	28.7	49.5	21.8	0.0
Businesses by Geography	3,618	0.0	40.5	39.0	20.5	0.0
Farms by Geography	136	0.0	14.7	63.2	22.1	0.0
Family Distribution by Income Level	17,392	21.0	17.8	20.1	41.1	0.0
Household Distribution by Income Level	26,324	21.3	15.4	17.4	46.0	0.0
Median Family Income MSA – 16060 Carbondale-Marion, IL MSA		\$50,689	Median Housing Value			\$93,819
			Median Gross Rent			\$590
			Families Below Poverty Level			13.3%
<i>Sources: 2010 U.S. Census and 2016 D&B Data Due to rounding, totals may not equal 100.0 (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	15	0.0	20.0	53.3	26.7	0.0
Population by Geography	67,121	0.0	17.5	53.8	28.7	0.0
Housing Units by Geography	30,688	0.0	19.0	54.3	26.7	0.0
Owner-Occupied Units by Geography	19,430	0.0	15.4	53.8	30.8	0.0
Occupied Rental Units by Geography	7,366	0.0	26.2	55.4	18.4	0.0
Vacant Units by Geography	3,892	0.0	23.4	54.9	21.7	0.0
Businesses by Geography	3,624	0.0	16.6	59.5	23.9	0.0
Farms by Geography	131	0.0	6.9	51.1	42.0	0.0
Family Distribution by Income Level	18,143	18.9	20.1	19.0	42.1	0.0
Household Distribution by Income Level	26,796	20.9	14.4	18.0	46.8	0.0
Median Family Income MSA - 16060 Carbondale-Marion, IL MSA		\$56,287	Median Housing Value			\$105,786
			Median Gross Rent			\$662
			Families Below Poverty Level			11.1%

Sources: 2015 ACS and 2017 D&B Data
Due to rounding, totals may not equal 100.0
(*) The NA category consists of geographies that have not been assigned an income classification.

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 2016 and 2017.

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)				
2016 (\$55,400)	<\$27,700	\$27,700 to <\$44,320	\$44,320 to <\$66,480	≥\$66,480
2017 (\$60,800)	<\$30,400	\$30,400 to <\$48,640	\$48,640 to <\$72,960	≥\$72,960

Source: FFIEC
Due to rounding, totals may not equal 100.0

There are 30,688 housing units in the AA. Of these, 63.3 percent are owner-occupied, 24.0 percent are occupied rental units, and 12.7 percent are vacant.

Data from the U.S. Bureau of Labor Statistics indicates that the January 2018 unemployment rate was 5.3 percent for the state of Illinois and 4.1 percent for the nation. The unemployment rates in BoH's AA are the less than the state of Illinois and higher than the national rates.

Unemployment Rates	
County or Area	January 2018
	%
United States	4.1
Illinois	5.3
Williamson County	5.1

Source: Bureau of Labor Statistics

Competition

The bank operates in a competitive environment for financial services. According to FDIC Deposit Market Share data as of June 30, 2017, 14 financial institutions operated 35 offices inside the AA. Of these institutions, BoH ranked second with an 18.5 percent deposit market share.

Community Contact

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.

One contact noted that Williamson County has fared better after the 2008 financial crisis than surrounding counties. Williamson County has been able to capitalize on the major roadways that cross through it, Interstate 57 and Illinois 13. The highway system has allowed the County to build up its service industry, but it is still very dependent on agriculture. The other contact identified a significant need for lending to small businesses, specifically to applicants who do not meet typical financial institution underwriting standards. This contact would like to see more involvement from financial institutions with financial education and small dollar lending. Neither contact was aware of any discriminatory practices by area financial institutions.

CONCLUSIONS ON PERFORMANCE CRITERIA

BoH demonstrated reasonable performance overall. Performance under the geographic distribution and borrower profile criterion primarily supports this conclusion.

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) is reasonable given the institution’s size, financial condition, and AA credit needs. As of December 31, 2017, the bank’s net LTD ratio was 71.9 percent and averaged 62.8 percent over the past 18 calendar quarters from September 30, 2013, to December 31, 2017. Mortgages sold on the secondary market are not reflected in the LTD ratio. Comparable institutions are selected based on their asset size, geographic location, and lending focus and detailed in the following table. While BOH’s average net LTD is lower than comparable institutions, the bank’s net ratio has been on an upward trend from a low of 53.3 percent as of September 30, 2013, to a high of 71.9 percent as of December 31, 2017 as is considered reasonable.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2017 \$(000s)	Average Net LTD Ratio (%)
The Bank of Herrin	256,921	62.8
Similarly-Situated Institution #1	677,277	83.3
Similarly-Situated Institution #2	105,681	81.8
<i>Source: Reports of Condition and Income 9/30/2013 through 12/31/2017</i>		

Assessment Area Concentration

The bank originated a majority of its home mortgage and small business loans, by number and dollar volume, within the AA.

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										
2016	94	73.4	34	26.6	128	12,580	63.7	7,163	36.3	19,743
2017	95	78.5	26	21.5	121	11,460	73.1	4,221	26.9	15,681
Subtotal	189	75.9	60	24.1	249	24,040	67.9	11,384	32.1	35,424
Small Business										
2016	163	77.3	48	22.7	211	15,438	77.4	4,515	22.6	19,953
2017	145	77.1	43	22.9	188	14,215	77.3	4,167	22.7	18,382
Subtotal	308	77.2	91	22.8	399	29,653	77.4	8,682	22.6	38,335
Total	497	76.7	151	23.3	648	53,693	72.8	20,066	27.2	73,759
<i>Source: 1/1/2016 - 12/31/2017 Bank Data and HMDA Data. Due to rounding, totals may not equal 100.0</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AA. The bank's reasonable performance of home mortgage and small business 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.

Small business lending to moderate-income census tracts in 2016 was less than business demographics. However, the moderate-income geographies were located in towns that are either home to mostly corporate-owned, franchise-type operations or had a lack of small business lending opportunities. Larger corporations in the moderate-income tracts generally do not seek credit locally. Additionally, some smaller businesses normally choose nontraditional methods of financing, such as credit cards, personal lines of credit, or personal loans. Furthermore, the level

of competition in the bank's AA (12 banking facilities with 26 offices are located within the three moderate-income census tracts), and the location of the bank's offices in relation to the competition in those tracts, made the bank's geographic distribution of small business loans throughout the moderate-income geographies reasonable in 2016.

Small business lending significantly increased in moderate-income tracts in 2017 and exceeded D&B business demographics. As detailed in the performance context section, there were significant demographic changes between the 2010 U.S. Census and the 2015 ACS, resulting in a significant decline in the percentage of businesses located in moderate-income census tracts in 2017. Nonetheless, the bank's 2017 lending in moderate-income census tracts increased in both number of loans and dollar volume. Overall, the distribution of lending is reasonable.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate					
2016	40.5	29	17.8	3,237	21.0
2017	16.6	37	25.5	4,533	31.9
Middle					
2016	39.0	103	63.2	9,017	58.4
2017	59.5	55	37.9	4,653	32.7
Upper					
2016	20.5	31	19.0	3,184	20.6
2017	23.9	53	36.6	5,029	35.4
Totals					
2016	100.0	163	100.0	15,438	100.0
2017	100.0	145	100.0	14,215	100.0

*Sources: 2016 & 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Data; "-" data not available.
Due to rounding, totals may not equal 100.0*

Home Mortgage Loans

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

The following table shows the bank's originated loans in moderate-income geographies exceeded aggregate performance as well as the demographic in 2016. For 2017, the bank's performance trailed the demographic. While aggregate lending data for 2017 is not yet available, the 2016 data reveals that aggregate performance also trailed the demographic in this area. Aggregate data is considered a better indicator of actual loan demand. The bank's home mortgage lending to moderate-income borrowers is considered reasonable. Market share data further supports the bank's overall reasonable performance. In 2016, the bank ranked fifth in moderate-income census tracts with a 7.6 market share. These market rankings are comparable to the bank's overall market rank of fifth and overall market share of 5.5 percent in the assessment area in 2016.

Geographic Distribution of Home Mortgage Loans							
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	Market Share % of #	#	%	\$(000s)	%
Moderate							
2016	14.3	11.5	7.6	15	16.0	2,791	22.2
2017	15.4	--	--	12	12.6	2,815	24.6
Middle							
2016	58.9	56.6	6.2	60	63.8	7,735	61.5
2017	53.8	--	--	43	45.3	4,163	36.3
Upper							
2016	26.8	31.9	3.5	19	20.2	2,054	16.3
2017	30.8	--	--	40	42.1	4,482	39.1
Totals							
2016	100.0	100.0	5.5	94	100.0	12,580	100.0
2017	100.0	--	--	95	100.0	11,460	100.0

*Sources: 2010 U.S. Census & 2015 ACS; 1/1/2016 - 12/31/2017 Bank Data and HMDA Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Borrower Profile

The distribution of loans to borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers, and by small business loans to businesses with GARs of \$1 million or less. 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 71.2 and 81.4 percent of small business loans in 2016 and 2017, respectively, were originated to businesses with GARs of \$1 million or less. This level of lending compares reasonably to the 78.1 and 77.8 percent of businesses in the AA with GARs of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Annual Revenues	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2016	78.1	52	71.2	4,013	51.1
2017	77.8	57	81.4	6,022	74.8
>\$1,000,000					
2016	6.1	19	26.0	3,764	47.9
2017	6.6	13	18.6	2,030	25.2
Revenue Not Available					
2016	15.8	2	2.7	78	1.0
2017	15.7	0	0.0	0	0.0
Totals					
2016	100.0	73	99.9	7,855	100.0
2017	100.0	70	100.0	8,052	100.0

*Sources: 2016 & 2017 D&B Data; 1/1/2016 - 12/31/2017 Bank Data; "--" data not available.
Due to rounding, totals may not equal 100.0*

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 home mortgage lending to low-income borrowers was excellent in 2016 as it exceeded aggregate data by four percentage points. Additionally, lending to low-income borrowers increased from 2016 to 2017. Although lending in both years was below demographic data, aggregate data is considered a better indicator of actual loan demand. While aggregate lending data for 2017 is not yet available, the 2016 data reveals that aggregate performance was well below the demographic in this area. It should also be noted that 11.1 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. Given these considerations, the bank's performance is reasonable.

Home mortgage lending to moderate-income borrowers in 2016 compared well to aggregate performance. In 2017, the bank's performance slightly trailed the percentage of moderate-income families in the AA. While aggregate lending data for 2017 is not yet available, the 2016 data reveals that aggregate performance was below the demographic in this area. As previously stated, aggregate lending is typically a better indicator of actual loan demand. Overall, performance reflects reasonable performance to moderate-income borrowers.

Distribution of Home Mortgage Loans by Borrower Income Level							
Borrower Income Level	% of Families	Aggregate Performance % of #	Market Share % of #	#	%	\$(000s)	%
Low							
2016	21.0	4.5	10.3	8	8.5	383	3.0
2017	18.9	--	--	10	10.5	426	3.7
Moderate							
2016	17.8	13.2	5.7	13	13.8	776	6.2
2017	20.1	--	--	17	17.9	1,145	10.0
Middle							
2016	20.1	20.2	5.5	19	20.2	1,727	13.7
2017	19.0	--	--	16	16.8	1,658	14.5
Upper							
2016	41.1	45.3	4.4	34	36.2	4,394	34.9
2017	42.1	--	--	33	34.7	3,512	30.6
Not Available							
2016	0.0	16.7	7.0	20	21.3	5,300	42.1
2017	0.0	--	--	19	20.0	4,719	41.2
Totals							
2016	100.0	100.0	5.5	94	100.0	12,580	100.0
2017	100.0	--	--	95	100.0	11,460	100.0
Sources: 2010 U.S. Census & 2015 ACS; 1/1/2016 - 12/31/2017 Bank Data and HMDA Data; 2016 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0							

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.

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.

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).

Family Income: Includes the income of all members of a family that are age 15 and older.

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 (for example, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a 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 Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement, and temporary-to-permanent construction loans.

Home Mortgage Loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multi-family (five or more families) dwelling loans, loans to purchase manufactured homes, and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households are only one person, median household income is usually less than median family income.

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 (for example, 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.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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: 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.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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.