

# **PUBLIC DISCLOSURE**

October 18, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Bank of Yates City  
Certificate Number: 11715

107 East Main Street  
Yates City, Illinois 61572

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.

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

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and AA credit needs.
- A majority of small business, small farm, and home mortgage loans are in the institution's AA.
- Overall, the distribution of loans to borrowers reflects reasonable penetration among farms and businesses of different sizes and individuals of different income levels (including low- and moderate-income).
- The AA does not include any low- and moderate-income geographies, and a review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the overall rating.

## DESCRIPTION OF INSTITUTION

BYC is headquartered in Yates City, Illinois (population 693), in southeast Knox County. The bank is wholly-owned by First Bancorp, Inc., a one-bank holding company. In addition to the main office in Yates City, the bank operates a full-service branch in Farmington, Illinois (population 2,448) in Fulton County. Both banking locations are located in middle-income census tracts.

BYC offers a variety of products and services to meet the credit and deposit needs of the local area it serves. The principal lending focus continues to be agricultural, commercial, and residential lending. Agricultural and commercial loans are extended for acquiring land, operating funds, and equipment purchases. For residential loans, the bank offers in-house balloon loans and it does not sell to the secondary market. Due to the increase in the reporting thresholds, BYC is not required to report residential real estate loans for Home Mortgage Disclosure Act (HMDA) purposes. However, HMDA reporting was required for the 2019 calendar year. Deposit products offered include checking, savings, money market, NOW accounts, and certificates of deposit. Alternative banking services include internet and mobile banking, and three bank-owned ATMs, two of which are located at the banking locations and one is located in Maquon, Illinois. Banking hours allow for reasonable access to bank services.

According to the June 30, 2021 Consolidated Reports of Condition and Income (Call Report), BYC had total assets of \$75.0 million, total loans of \$50.1 million, total deposits of 67.2 million, and total securities of \$21.2 million. BYC's loan portfolio as of June 30, 2021, is shown in the following table.

<b>Loan Portfolio Distribution as of 06/30/2021</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	812	1.6
Secured by Farmland	7,356	14.7
Secured by 1-4 Family Residential Properties	14,847	29.6
Secured by Multifamily (5 or more) Residential Properties	570	1.1
Secured by Nonfarm Nonresidential Properties	8,895	17.8
<b>Total Real Estate Loans</b>	<b>32,480</b>	<b>64.8</b>
Commercial and Industrial Loans	7,508	15.0
Agricultural Production and Other Loans to Farmers	5,292	10.6
Consumer Loans	4,591	9.2
Other Loans	236	0.5
<b>Total Loans</b>	<b>50,107</b>	<b>100.00</b>
<i>Source: Reports of Condition and Income</i>		
<i>Due to rounding, totals may not equal 100.0</i>		

BYC received a Satisfactory rating at its previous FDIC Performance Evaluation, dated August 31, 2015, based on Interagency Small Institution Examination Procedures. Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet the AA's credit needs.



## DESCRIPTION OF ASSESSMENT AREA

### KNOX COUNTY CENSUS TRACT - 16 PEORIA COUNTY CENSUS TRACTS – 39 and 40 FULTON COUNTY CENSUS TRACTS – 9528 and 9529

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. BYC has designated one AA comprised of five contiguous census tracts in three counties. Specifically, one tract (16) in southeastern Knox County, two tracts (39 and 40) in western Peoria County, and two tracts (9528 and 9529) in northeastern Fulton County. Peoria and Fulton counties are part of the Peoria, Illinois metropolitan statistical area (MSA). However, the AA is primarily rural in nature and is designated around the cities of the banking locations. Knox County is considered part of the nonmetropolitan statistical area (non-MSA). No changes were made to the AA since the prior evaluation.

#### Economic and Demographic Data

Based on 2015 American Community Survey (ACS) data, the composition of the AA by income level of census tracts remains the same from the previous income designations based on the 2010 U.S. Census Data. One census tract in Peoria County (39) is designated as upper-income, and the remaining four census tracts in the AA are designated as middle-income. Select demographic characteristics of the AA are illustrated in the following table.

Demographic Information of the Assessment Area						
Demographic Characteristics)	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	5	0.0	0.0	80.0	20.0	0.0
Population by Geography	19,970	0.0	0.0	66.4	33.6	0.0
Housing Units by Geography	8,394	0.0	0.0	69.4	30.6	0.0
Owner-Occupied Units by Geography	6,610	0.0	0.0	69.9	30.1	0.0
Occupied Rental Units by Geography	1,105	0.0	0.0	70.4	29.6	0.0
Vacant Units by Geography	679	0.0	0.0	62.7	37.3	0.0
Businesses by Geography	1,073	0.0	0.0	59.4	40.6	0.0
Farms by Geography	163	0.0	0.0	69.3	30.7	0.0
Family Distribution by Income Level	5,860	12.8	12.5	20.9	53.8	0.0
Household Distribution by Income Level	7,715	15.2	10.9	16.3	57.6	0.0
Median Family Income MSA - 37900 Peoria, IL MSA		\$67,308	Median Housing Value			\$156,416
Median Family Income Non-MSAs - IL		\$59,323	Median Gross Rent			\$682
			Families Below Poverty Level			4.8%

Source: 2015 ACS and 2020 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 economic data presented, which includes the AA, is based upon Moody’s Analytics as of July 2021. The Peoria MSA continues to be a low cost area for doing business. The area has avoided historic housing bubbles and busts. A recent jump in payrolls has extended the area’s lead over Illinois and helped it catch up with the Midwest in terms of job recovery, which can be attributed to the healthcare sector. Manufacturing output has expanded to the pre-Coronavirus Disease 2019 (COVID-19) pandemic level, but is unaccompanied by an increase in factory employment. The local economy continues to rely on Peoria’s large healthcare industry for job growth. The continued population decline will hinder sustained job growth. Longer term, over-reliance on the volatile heavy machinery industry, population loss, and state and local fiscal pressures will leave the area with below-average economic performance in relation to other MSAs.

The immediate area surrounding the AA remains highly dependent upon health services and education. Some of the largest employers in Knox County are the BNSF Railway, Galesburg Cottage Hospital, OSF St. Mary’s Medical Center, Community School District #205, Knox College, and Carl Sandburg College.

At the prior 2015 performance evaluation, 309 farming operations were located in the AA; however, the number of farming operations continues to decline. According to 2020 D&B data, there are now 163 farms in the AA, of which 158 reported revenues of \$1 million or less. The local economy remains highly dependent upon small businesses. According to 2020 D&B data, there are 1,073 businesses in the AA, of which 874 reported revenues of \$1 million or less.

In August 2021, according to the Illinois Department of Employment Security, the unemployment rates for the AA were the following: Peoria County was 7.6 percent, Knox County was 7.0 percent, and Fulton County was 6.0 percent. The unemployment rates for the three counties were comparable to the state of Illinois, which was at 6.8 percent for the same month. These rates reflect a declining trend from August 2020 when the unemployment rates for Peoria, Knox, and Fulton counties were at 10.7 percent, 8.8 percent, and 8.1 percent respectively; while the state of Illinois was at an 11.0 percent unemployment rate.

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

<b>Median Family Income Ranges</b>				
<b>Median Family Incomes</b>	<b>Low &lt;50%</b>	<b>Moderate 50% to &lt;80%</b>	<b>Middle 80% to &lt;120%</b>	<b>Upper ≥120%</b>
<b>Peoria, IL MSA Median Family Income (37900)</b>				
2019 (\$73,300)	<\$36,650	\$36,650 to <\$58,640	\$58,640 to <\$87,960	≥\$87,960
2020 (\$75,400)	<\$37,700	\$37,700 to <\$60,320	\$60,320 to <\$90,480	≥\$90,480
<b>IL NA Median Family Income (99999)</b>				
2019 (\$64,200)	<\$32,100	\$32,100 to <\$51,360	\$51,360 to <\$77,040	≥\$77,040
2020 (\$65,800)	<\$32,900	\$32,900 to <\$52,640	\$52,640 to <\$78,960	≥\$78,960
<i>Source: FFIEC</i>				



## **Competition**

BYC's AA fosters a competitive market for deposits. The FDIC Deposit Market Share data as of June 30, 2021, reports 35 financial institutions operating 100 offices in Fulton, Knox, and Peoria counties. Of these institutions, BYC ranked 21st with a 1.0 percent deposit market share. Six financial institutions operate in BYC's AA. BYC ranks second out of these banks with a deposit market share of 18.1 percent.

There is also a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. According to 2019 aggregate data (peer mortgage data), 81 lenders reported a total of 597 residential mortgage loan originations or purchases. BYC ranked fifth out of this group of lenders with a market share of 3.5 percent. The three most prominent home mortgage lenders accounted for 37.2 percent of the total market share in the AA.

## **Community Contacts and Credit Needs**

As part of the evaluation process, examiners contact third parties 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. For this evaluation, examiners performed one community contact with a representative of an agricultural-based organization within Knox County.

The contact stated that the population in the area is aging and not being replaced with younger adults, who move out of the area for better employment opportunities. The contact stated that economic conditions have remained stable in recent years regardless of the economic downturn that occurred with the desertion of major manufacturing businesses decades ago. In the past year, the local service industry was most affected by the COVID-19 global pandemic. The major employers in the area are in healthcare, local government bodies, and education.

The contact stated that the quality of available housing in the area is currently low, with many older homes in need of revitalization. Local communities struggle with the ability to finance existing properties due to lack of renovation, aging infrastructure, and abandonment. The condition of these properties makes it difficult to pass home inspections, and individuals are hesitant to invest in properties that need major renovations. The contact also indicated that local financial institutions have been responsive to community lending needs and was not aware of any unmet credit needs in the area.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated August 31, 2015, to the current evaluation dated October 18, 2021. Examiners used Interagency Small Institution Examination Procedures to evaluate BYC's CRA performance. These procedures consist of the Lending Test as outlined in the Appendix.

## Activities Reviewed

As of June 30, 2021, BYC's major product lines are agricultural (25.3 percent), commercial (32.8 percent), and residential (30.7 percent) loans. This conclusion is consistent with the bank's current business strategy and the number and dollar volume of loans originated during the current evaluation period. Examiners equally weighted the bank's small business and small farm lending in the overall rating as these two loan products make up the largest percentage of originations, by number and dollar volume, in the loan portfolio during the evaluation period. As shown in the following table, BYC originates significantly less home mortgage loans by both number and dollar volume, and therefore, this loan product will receive the least amount of weight in the evaluation.

A sample of small farm and small business loans originated or renewed from January 1, 2020, through December 31, 2020, and all HMDA reportable residential loans from January 1, 2019, through December 31, 2019, were reviewed and included in this evaluation. This period was considered representative of the bank's lending performance during the entire evaluation period. BYC was required to collect, but not report, HMDA data from January 1, 2020, through June 30, 2020. Therefore, this data was also reviewed and included in the evaluation. The 2020 D&B data provided a standard of comparison for the bank's small farm and small business lending performance. The 2019 HMDA aggregate data as well as the 2015 ACS data provided a standard of comparison for the bank's home mortgage lending performance.

For the Lending Test, examiners reviewed the number and dollar volume of small farm, small business, and home mortgage loans. While number and dollar volume of loans are presented, examiners placed more weight on the bank's performance by number of loans, as it is a good indicator of credit responsiveness to individuals, businesses, and farms within the bank's AA. The following table presents the universe and loans reviewed by loan category.

<b>Loan Products</b>				
<b>Loan Category</b>	<b>Universe</b>		<b>Reviewed</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
Small Business				
2020	138	9,134	50	2,402
Small Farm				
2020	174	8,807	50	2,766
Home Mortgage				
2019	30	1,776	30	1,776
2020	16	1,276	16	1,276

*Source: 2019 and partial 2020 HMDA data; Bank Records from 01/01/20 through 12/31/20.*



## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Lending performance was evaluated in accordance with the Interagency Small Institution Examination Procedures. Overall, BYC's performance under the Lending Test reflects reasonable responsiveness to AA credit needs.

#### Loan-to-Deposit Ratio

The LTD ratio is more than reasonable given the institution's size, financial condition, and AA credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 74.9 percent over the past 24 calendar quarters from September 30, 2015, to June 30, 2021. The ratio ranged from a low of 66.5 percent as of December 31, 2016, to a high of 83.3 percent as of June 30, 2019.

As shown in the following table, BYC's average net LTD ratio is higher than the similarly situated financial institutions used in the comparison. The similarly situated institutions were selected based on their asset size, geographic location, and lending focus.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 06/30/2021 (\$000s)</b>	<b>Average Net Loan-to- Deposit Ratio (%)</b>
<b>Bank of Yates City</b>	<b>75,010</b>	<b>74.9</b>
Similarly-Situated Institution #1	62,519	58.3
Similarly-Situated Institution #2	53,961	53.7
Similarly-Situated Institution #3	105,236	37.8

*Source: Reports of Condition and Income 9/30/2015 -- 6/30/2021*

#### Assessment Area Concentration

BYC originated a majority of small business, small farm, and home mortgage loans by both number and dollar volume within the AA. The following table provides further details about the number and dollar volume of loans originated inside and outside 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		
	#	%	#	%		\$	%	\$	%	
Small Business										
2020	44	88.0	6	12.0	50	1,835	76.4	567	23.6	2,402
Small Farm										
2020	45	90.0	5	10.0	50	2,430	87.9	336	12.1	2,766
Home Mortgage										
2019	21	70.0	9	30.0	30	1,227	69.1	549	30.9	1,776
2020	12	75.0	4	25.0	16	1,007	78.9	269	21.1	1,276

Sources: Bank Data; and 2019 and partial 2020 HMDA LARs

### **Borrower Profile**

BYC's overall distribution of loans to farms and businesses of different sizes and borrowers of different income levels is reasonable. Although the bank's home mortgage performance was excellent, the bank's reasonable small farm and small business lending performance was the primary driver for this conclusion. Examiners focused on the percentage of small farm and small business loans to operations with revenues of \$1 million or less. In addition, examiners focused on the percentage of home mortgage loans to low- and moderate-income borrowers.

### ***Small Farm Loans***

BYC's distribution of small farm loans to farms with revenues of \$1 million or less is reasonable. As shown in the following table, the bank's lending performance to farms with revenues of \$1 million or less compared favorably to the percentage of farms operating in this same revenue category according to D&B data.

Distribution of Small Farm Loans by Gross Annual Revenue Category						
Gross Revenue Level		% of Farms	#	%	\$(000s)	%
<=\$1,000,000						
2020		96.9	42	93.3	2,067	85.1
>\$1,000,000						
2020		1.2	3	6.7	363	14.9
Revenue Not Available						
2020		1.8	0	0.0	0	0.0
<b>Totals</b>						
<b>2020</b>		<b>100.0</b>	<b>45</b>	<b>100.0</b>	<b>2,430</b>	<b>100.0</b>

Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%



### ***Small Business Loans***

BYC's distribution of small business loans to businesses with revenues of \$1 million or less is reasonable. The following table shows that the bank's lending performance to businesses with revenues of \$1 million or less compared favorably to the percentage of businesses operating in this same revenue category according to D&B data.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>						
<b>Gross Revenue Level</b>		<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<b>&lt;=\$1,000,000</b>						
	2020	81.5	38	86.4	981	53.5
<b>&gt;\$1,000,000</b>						
	2020	4.8	6	13.6	854	46.5
<b>Revenue Not Available</b>						
	2020	13.8	0	0.0	0	0.0
<b>Totals</b>						
	<b>2020</b>	<b>100.0</b>	<b>44</b>	<b>100.0</b>	<b>1,835</b>	<b>100.0</b>

*Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%*

### ***Home Mortgage Loans***

BYC's distribution of home mortgage loans to borrowers of different income levels is excellent, particularly when compared to 2019 HMDA aggregate data. This data is representative of lending performance by all lenders subject to HMDA reporting that originated residential real estate loans in the bank's AA. BYC's lending performance for 2019 is approximately twice the aggregate data in both low- and moderate-income categories and reflects positively on the bank's commitment to providing residential financing to these borrowers.

In 2019, the following table shows that the bank's level of originating home mortgage loans to low-income families exceeded both the percentage of low-income families residing in the AA and HMDA aggregate data. In 2020, lending to low-income borrowers was below the percentage of low-income families in the AA. However, 4.8 percent of the low-income families in the AA are below the poverty level and do not likely support incomes sufficient to achieve home ownership, so the opportunities for home mortgage lending to these families is significantly reduced.

BYC's origination of home mortgage loans to moderate-income families in 2019 exceeded both the aggregate data and the percentage of families at this same income level. In 2020, the bank's level of home mortgage loans to moderate-income families also exceeded the percentage of moderate-income families in the AA. The following table provides additional information.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	12.8	8.9	4	19.0	237	19.3
2020	12.8	--	1	8.3	50	5.0
Moderate						
2019	12.5	13.2	5	23.8	303	24.7
2020	12.5	--	3	25.0	127	12.6
Middle						
2019	20.9	15.0	5	23.8	235	19.2
2020	20.9	--	2	16.7	242	24.0
Upper						
2019	53.8	44.3	7	33.3	452	36.8
2020	53.8	--	5	41.7	538	53.4
Not Available						
2019	0.0	18.7	0	0.0	0	0.0
2020	0.0	--	1	8.3	50	5.0
<b>Totals</b>						
<b>2019</b>	<b>100.0</b>	<b>100.0</b>	<b>21</b>	<b>100.0</b>	<b>1,227</b>	<b>100.0</b>
<b>2020</b>	<b>100.0</b>	<b>--</b>	<b>12</b>	<b>100.0</b>	<b>1,007</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data; 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

### Geographic Distribution

The AA is comprised of one upper-income and four middle-income census tracts. A review of the Geographic Distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

### Response to Complaints

The bank has not received any CRA-related complaints since the prior CRA evaluation; therefore, this criterion did not affect the overall rating.

## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

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



## APPENDICES

### SMALL BANK PERFORMANCE CRITERIA

#### Lending Test

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

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

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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



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

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

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