

PUBLIC DISCLOSURE

July 6, 2020

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Nebraska Bank of Commerce
Certificate Number: 58724

6000 Village Drive, Suite 100
Lincoln, Nebraska 68516

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

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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

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INSTITUTION RATING

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

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

Satisfactory performance under the Lending Test is the basis for the rating. The following points summarize the bank's performance.

- The loan-to-deposit ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of the small business and home mortgage loans reviewed were located inside the assessment area.
- The distribution of borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The institution did not receive any complaints regarding its Community Reinvestment Act (CRA) performance since the previous evaluation. As a result, examiners did not evaluate the bank's record of responding to CRA-related complaints.

DESCRIPTION OF INSTITUTION

Background

Nebraska Bank of Commerce (NBC) is a community bank headquartered in Lincoln, Nebraska. NBC Bancshares, LLC, a two-bank holding company, owns the institution. The bank received a Satisfactory rating at its previous FDIC Performance Evaluation, dated July 21, 2014, based on Interagency Small Institution Examination Procedures. No affiliate lending activities were considered for this evaluation.

Operations

NBC operates from two full-service facilities in Lincoln, Nebraska. The main office is located in southwest Lincoln, and the other office is located downtown. The bank offers traditional credit products including commercial, home mortgage, agricultural, and consumer loans, with commercial lending being its primary focus. In addition, the institution offers basic deposit products including checking, savings, and certificate of deposit accounts. Alternative banking services include internet banking and mobile banking. NBC has not opened or closed any offices or been involved in any mergers or acquisitions since the previous evaluation. A loan production office was opened in Omaha in March 2015, but closed in December 2018. The bank formally operated two deposit-taking ATMs at its Lincoln offices, which were removed in August 2019.

Ability and Capacity

Assets totaled approximately \$156.3 million as of March 31, 2020, and included loans of \$136.1 million. Total deposits equaled \$116.9 million as of the same date. The following table reflects the bank's loan portfolio composition.

Loan Portfolio Distribution as of 3/31/2020		
Loan Category	\$(000s)	%
Construction and Land Development	4,211	3.1
Secured by Farmland	7,054	5.2
Secured by 1-4 Family Residential Properties	25,756	18.9
Secured by Multifamily (5 or more) Residential Properties	14,008	10.3
Secured by Nonfarm Nonresidential Properties	60,360	44.4
Total Real Estate Loans	111,389	81.9
Commercial and Industrial Loans	23,350	17.2
Agricultural Loans	850	0.6
Consumer Loans	491	0.4
Other Loans	2	<0.1
Less: Unearned Income	0	0.0
Total Loans	136,082	100.0

Source: Reports of Condition and Income

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

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. NBC designated a single assessment area consisting of Lancaster, Cass, and Otoe counties in Nebraska. The institution’s main office is in Lancaster County census tract 37.08, and its downtown Lincoln branch is in Lancaster County census tract 19.00. Lancaster County is part of the Lincoln, NE metropolitan statistical area (MSA). Cass County borders Lancaster County to the northeast and is part of the Omaha-Council Bluffs, NE-IA MSA. Otoe County borders Lancaster County to the southeast, but is not part of a MSA.

The bank added Cass and Otoe counties to the assessment area after the July 21, 2014 CRA evaluation to more accurately reflect its footprint.

Economic and Demographic Data

According to the 2015 American Community Survey (ACS), the assessment area contains 85 census tracts with the following income designations: 5 low-income, 21 moderate-income, 30 middle-income, 24 upper-income, and 5 without an income designation. The following table provides select demographic characteristics for the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	85	5.9	24.7	35.3	28.2	5.9
Population by Geography	339,282	4.9	23.1	40.2	28.9	2.8
Housing Units by Geography	142,051	6.4	24.6	40.6	27.8	0.7
Owner-Occupied Units by Geography	82,457	1.4	16.5	45.6	36.4	0.1
Occupied Rental Units by Geography	51,413	13.9	36.8	32.7	15.0	1.5
Vacant Units by Geography	8,181	9.7	28.7	40.3	20.4	0.8
Businesses by Geography	23,400	3.3	25.2	36.9	32.8	1.8
Farms by Geography	1,243	1.0	8.0	42.2	48.8	0.1
Family Distribution by Income Level	81,801	20.4	17.1	21.7	40.7	0.0
Household Distribution by Income Level	133,870	23.2	16.6	17.7	42.5	0.0
Median Family Income MSA - 30700 Lincoln, NE MSA		\$70,200	Median Housing Value			\$151,882
Median Family Income MSA - 36540 Omaha-Council Bluffs, NE-IA MSA		\$73,632	Median Gross Rent			\$724
Median Family Income Non-MSAs - NE		\$61,457	Families Below Poverty Level			8.9%
<small>Source: 2015 ACS and 2019 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.</small>						

Lincoln is the largest community in the assessment area with a population of 259,261 as of the 2010 U.S. Census. The assessment area’s remaining communities all have populations under 10,000.

D&B data from 2019 indicates that services represent the largest portion of businesses and farms at 41.7 percent, followed by retail trade at 12.2 percent, non-classifiable establishments at 11.6 percent, and construction at 8.8 percent. In addition, 65.0 percent of area farms and businesses have four or fewer employees, and 87.2 percent operate from a single location.

Information from the Federal Financial Institutions Examination Council (FFIEC) was used to analyze home mortgage loans for the Borrower Profile criterion. The following table shows the FFIEC’s estimated medium family income from 2017-2019 for the Lincoln, NE MSA, Omaha-Council Bluffs, NE-IA MSA, and nonmetropolitan Nebraska.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Lincoln, NE MSA Median Family Income				
2017 (\$72,000)	<\$36,000	\$36,000 to <\$57,600	\$57,600 to <\$86,400	≥\$86,400
2018 (\$78,600)	<\$39,300	\$39,300 to <\$62,880	\$62,880 to <\$94,320	≥\$94,320
2019 (\$81,300)	<\$40,650	\$40,650 to <\$65,040	\$65,040 to <\$97,560	≥\$97,560
Omaha-Council Bluffs, NE-IA MSA Median Family Income				
2017 (\$75,000)	<\$37,500	\$37,500 to <\$60,000	\$60,000 to <\$90,000	≥\$90,000
2018 (\$81,300)	<\$40,650	\$40,650 to <\$65,040	\$65,040 to <\$97,560	≥\$97,560
2019 (\$86,100)	<\$43,050	\$43,050 to <\$68,880	\$68,880 to <\$103,320	≥\$103,320
Nonmetropolitan NE Median Family Income				
2017 (\$62,600)	<\$31,300	\$31,300 to <\$50,080	\$50,080 to <\$75,120	≥\$75,120
2018 (\$68,000)	<\$34,000	\$34,000 to <\$54,400	\$54,400 to <\$81,600	≥\$81,600
2019 (\$66,500)	<\$33,250	\$33,250 to <\$53,200	\$53,200 to <\$79,800	≥\$79,800
<i>Source FFIEC</i>				

The assessment area’s economy has been generally healthy and unemployment has been benign since the prior evaluation. For example, annual unemployment rates for Lancaster, Cass, and Otoe counties ranged from 2.5 percent to 3.3 percent between January 2017 and December 2019. This is similar to the Nebraska statewide rate and noticeably lower than the national rate.

In early 2020, severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), also known as COVID 19, began to spread across the United States. In order to slow the spread of the virus, the government imposed non-essential business closings at varying stages and for undetermined lengths of time, depending on the location and type of business. These events strained business and family finances and provided financial institutions the opportunity to assist affected borrowers, including participating in the Paycheck Protection Program (PPP) administered by the Small Business Administration. As of this evaluation, information was not yet available to assess the economic or demographic impact of the pandemic on the assessment area. Due to COVID 19, nationwide unemployment rate rose to 13.3 percent in May of 2020, while the State of Nebraska unemployment rate increased to 5.2 percent.

Competition

The assessment area is highly competitive for financial services. According to the 2019 FDIC Deposit Market Share report, 39 financial institutions operate 156 offices in the assessment area. Of these institutions, NBC ranked 13th in deposit market share at 1.2 percent. According to aggregate Home Mortgage Disclosure Act (HMDA) data, 252 entities originated 16,397 mortgage loans in the assessment area in 2018. NBC was one of these institutions. Additionally, the bank competes against auto dealers, credit unions, financial institutions, and non-bank entities for commercial, agricultural, and consumer loans.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area 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 reviewed a prior interview with a member of a community-based development corporation who was knowledgeable of the business climate. The contact stated the economy tends to be stable due to the conservative business mindset in the Midwest. Home mortgage and small business loans were described as the primary credit needs.

Credit Needs

Considering information from the community contact, bank management, demographic, and economic data, examiners determined that small business lending, followed by home mortgage lending, are the assessment area's primary credit needs.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated July 21, 2014, to the current evaluation dated July 6, 2020. Examiners used Interagency Small Institution Examination Procedures to conduct the evaluation, which includes a Lending Test. Refer to the Appendices for the description of the test.

Activities Reviewed

Examiners reviewed small business and home mortgage loans to conduct the Lending Test. These products were selected based on the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. No other loan types, such as small farm or consumer loans, represent a major product line. Therefore, examiners did not review any other loan products since they would not have provided any material support for conclusions or the rating.

Examiners reviewed all small business loans originated or purchased in 2019 as well as all home mortgage loans reported on the bank's 2017 - 2019 HMDA Loan Application Registers (LARs) to conduct the Assessment Area Concentration analysis. This consisted of 74 small business loans totaling approximately \$15.2 million and 226 home mortgage loans totaling approximately 45.9 million. For the Borrower Profile and Geographic Distribution analyses, examiners sampled small business loans from inside the assessment area. They also reviewed all home mortgage originated or purchased inside the assessment area. Specifically, examiners reviewed 36 small business loans

totaling approximately \$6.7 million and 117 home mortgage loans totaling \$19.8 million. Bank management indicated that the loans reviewed were representative of the institution’s performance during the entire evaluation period. As a result, the evaluation does not contain any additional years of data.

Commercial lending represents the largest portion of the loan portfolio, which is consistent with the bank’s business focus and assessment area credit needs. Therefore, small business loans received the most weight when drawing conclusions. When conducting the Assessment Area Concentration analysis, examiners placed equal weight on the number and dollar volume of loans. When conducting the Borrower Profile and Geographic Distribution analyses, examiners placed greater weight on the number of loans than the dollar volume of loans. This is because the number of loans is a better indicator of the farms, businesses, and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

NBC demonstrated reasonable performance under the Lending Test. More than reasonable performance under the Loan-to-Deposit Ratio criteria and reasonable performance under the Assessment Area Concentration, Borrower Profile, and Geographic Distribution criterion support this conclusion.

Loan-to-Deposit Ratio

NBC’s net loan-to-deposit ratio is more than reasonable given the bank’s size, financial condition, and assessment area credit needs. This ratio, calculated from Call Report data, averaged 113.5 percent over the past 23 calendar quarters. The bank’s net loan-to-deposit ratio ranged from 103.6 percent to 121.0 percent during the evaluation period.

Examiners compared NBC’s average net loan-to-deposit ratio to three other financial institutions to evaluate the institution’s performance. The comparable institutions were selected based on their asset size, lending focus, and geographic location. As shown below, the bank’s average net loan-to-deposit ratio noticeably exceeds the ratios of the comparable institutions.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2020 (\$000s)	Average Net LTD Ratio (%)
Nebraska Bank of Commerce, Lincoln, NE	156,317	113.5
City Bank & Trust Company, Lincoln, NE	205,007	80.4
Cornhusker Bank, Lincoln, NE	632,404	87.5
Lincoln Federal Savings Bank of Nebraska, Lincoln, NE	322,322	90.5
West Gate Bank, Lincoln, NE	834,969	91.8
<i>Source: Reports of Condition and Income 9/30/2014 through 3/31/2020</i>		

Assessment Area Concentration

A majority of the bank’s lending activities are located inside its assessment area. The majority of the small business loans reviewed, by number and dollar volume, were located inside the assessment area. However, only a slight majority of the home mortgage loans reviewed, by number, were inside the assessment area. Further, a majority of home mortgage loans, by dollar volume, were outside the assessment area. Most of the home mortgage loans were for investment properties, some with high loan balances, which impacts the dollar amount of loans outside the assessment area. Bank management indicated several of the out-of-area home mortgages were to finance investment properties for customers with pre-existing relationships with NBC. Plus, from 2015 through 2018, the bank had a loan production office in Omaha, which somewhat impacted the percentage of home mortgage loans outside the assessment area. Since small business loans were given more weight in drawing conclusions than home mortgage loans, the bank’s performance is satisfactory. The following table provides details.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				
	Inside		Outside			Inside		Outside		Total
	#	%	#	%		#	\$	%	\$	%
Small Business	58	78.4	16	21.6	74	11,080	72.7	4,160	27.3	15,240
Home Mortgage										
2017	51	60.7	33	39.3	84	7,056	60.3	4,647	39.7	11,703
2018	27	42.2	37	57.8	64	4,995	36.9	8,524	63.1	13,519
2019	39	50.0	39	50.0	78	7,780	37.5	12,948	62.5	20,728
Subtotal	117	51.8	109	48.2	226	19,831	43.2	26,118	56.8	45,949
<i>Source: 1/1/2019 - 12/31/2019 Bank Data and 2017-2019 HMDA Data. Due to rounding, totals may not equal 100.0</i>										

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels.

Small Business Lending

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. As illustrated in the following table, 80.6 percent of the small business loans reviewed from inside the assessment area, by number, was to businesses with revenues of \$1 million or less. This aligns with 2019 D&B data, which indicates that 81.9 percent of the assessment area’s businesses have revenues of \$1 million or less.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	81.9	29	80.6	5,024	75.2
>1,000,000	5.9	7	19.4	1,656	24.8
Revenue Not Available	12.1	0	0	0	0
Total	100.0	36	100.0	6,680	100.0
<i>Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 Bank Data. Due to rounding, totals may not equal 100.0</i>					

Home Mortgage Lending

The distribution of home mortgage loans reflects reasonable penetration among individuals of all income levels. This conclusion is based on the bank’s 2017 and 2018 HMDA data. The bank’s 2019 HMDA was not analyzed because aggregate data was unavailable for comparison purposes.

The majority of the home mortgage loans reviewed were for investment properties, and borrower income was not reported on these loans. Of the 24 mortgage loans where borrower income was reported in 2017, six loans, or 25 percent, were to low-income borrowers and one loan, or 4.1 percent, was to a moderate-income borrower. Of the eight loans where borrower income was reported in 2018, three loans, or 37.5 percent, were to low-income borrowers, and one loan, or 12.5 percent, was to a moderate-income borrower. For both 2017 and 2018, the percentage of loans to low-income borrowers exceeded the aggregate lending data, but the percentage of mortgage loans to moderate-income borrowers trailed the aggregate lending data. Overall, performance is reasonable.

Geographic Distribution

The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. Reasonable small business and home mortgage lending performance supports this conclusion.

Small Business Lending

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. As illustrated, lending in low-income census tracts approximates the D&B data. Lending in moderate-income census tracts slightly trails D&B data, and is considered reasonable.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	3.3	2	3.4	1,000	9.0
Moderate	25.2	12	20.7	725	6.5
Middle	36.9	16	27.6	1,124	10.1
Upper	32.8	26	44.8	7,364	66.5
Not Available	1.8	2	3.4	867	7.8
Totals	100.0	58	100.0	11,080	100.0
<i>Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 Bank Data. Due to rounding, totals may not equal 100.0</i>					

Home Mortgage Lending

Overall, the geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. Lending in low-income census tracts approximated the 2017 aggregate lending data; however, no loans in low-income areas were made in 2018. This trend was reversed in 2019, but aggregate data for comparative purposes is not yet available. Lending in moderate-income census tracts exceeded the aggregate data in 2017 and 2018. The majority of home loans in moderate-income areas were for investment properties. Refer to the following table for details.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2017	1.4	2.0	1	2.0	89	1.3
2018	1.4	2.0	0	0.0	0	0.0
2019	1.4	--	4	10.3	883	11.4
Moderate						
2017	16.5	17.2	13	25.5	1,744	24.7
2018	16.5	16.4	8	29.6	1,474	29.5
2019	16.5	--	8	20.5	1,710	22.0
Middle						
2017	45.6	43.6	26	51.0	3,355	47.5
2018	45.6	43.0	15	55.6	2,787	55.8
2019	45.6	--	15	38.5	2,724	35.0
Upper						
2017	36.4	37.0	11	21.6	1,868	26.5
2018	36.4	38.4	4	14.8	734	14.7
2019	36.4	--	12	30.8	2,462	31.7
Not Available						
2017	0.1	0.2	0	0.0	0	0.0
2018	0.1	0.2	0	0.0	0	0.0
2019	0.1	--	0	0.0	0	0.0
Totals						
2017	100.0	100.0	51	100.0	7,056	100.0
2018	100.0	100.0	27	100.0	4,995	100.0
2019	100.0	--	39	100.0	7,780	100.0

*Source: 2015 ACS; 1/1/2017 - 12/31/2019 HMDA Data, 2017 & 2018 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, examiners did not evaluate the bank's record of responding to CRA-related complaints.

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 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 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;
- 4) The geographic distribution of the bank's loans; 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.

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.