

PUBLIC DISCLOSURE

September 27, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First State Bank of Beecher City
Certificate Number: 10871

101 South Charles Street
Beecher City, Illinois 62414

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.

TABLE OF CONTENTS

| | |
|---|----|
| INSTITUTION RATING | 1 |
| DESCRIPTION OF INSTITUTION | 1 |
| DESCRIPTION OF ASSESSMENT AREA..... | 2 |
| SCOPE OF EVALUATION..... | 5 |
| CONCLUSIONS ON PERFORMANCE CRITERIA..... | 6 |
| DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW | 10 |
| APPENDICES | 11 |
| SMALL BANK PERFORMANCE CRITERIA..... | 11 |
| GLOSSARY | 12 |

INSTITUTION RATING

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

An institution in this group has an outstanding 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.

First State Bank of Beecher City's (FSB) Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following factors support the institution's rating:

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a substantial majority of its home mortgage, small business, and small farm loans in the assessment area.
- The geographic distribution of loans demonstrates an excellent dispersion throughout the assessment area, including in the moderate-income geographies.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses and farms of different sizes.
- 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

FSB is a \$91 million bank located in Beecher City, Illinois (population 445), in Effingham County, Illinois. FSB is wholly-owned by Tri-County Bancshares, Inc., a one-bank holding company. The bank's sole office is located within the city limits of Beecher City, in an upper-income census tract. An ATM is located at the facility.

FSB offers traditional products and services to meet the credit and deposit needs of the local area it serves. The bank is able to make loans of any type to meet the credit needs of its community. The bank's portfolio has generally tended to focus on commercial lending and residential home mortgage lending. The bank offers in-house and secondary market residential loans for purchase, refinance, and home improvement of both owner-occupied and rental dwellings. The bank serves local businesses through commercial loans for real estate-secured, operating lines, and other business purpose credit. Farm lending is a secondary focus and includes operating, equipment, and real estate purposes. Finally, consumer loans for various purposes, both secured and unsecured, are available. Deposit products offered include checking, savings, money markets, and certificates of deposit. Alternative banking services include online banking, mobile banking, and one bank-owned ATM at the bank's sole location.

As of June 30, 2021, the bank's total assets were \$91,124,000, total securities were \$6,533,000, total loans were \$60,159,000, and total deposits were \$79,157,000. Since the previous CRA performance evaluation in 2015, total assets have grown 31 percent while loans have grown approximately 14 percent. During the same time period, deposits increased by 34 percent. The table below depicts the loan portfolio as of June 30, 2021, and shows that commercial and residential mortgage loans are the primary lending products with a secondary emphasis on agricultural loans.

| Loan Portfolio Distribution as of 06/30/2021 | | |
|---|-----------------|--------------|
| Loan Category | \$(000s) | % |
| Construction and Land Development | 1,194 | 2.0 |
| Secured by Farmland | 8,675 | 14.4 |
| Secured by 1-4 Family Residential Properties | 14,766 | 24.5 |
| Secured by Nonfarm Nonresidential Properties | 15,037 | 25.0 |
| Total Real Estate Loans | 39,672 | 66.0 |
| Agricultural Loans | 4,779 | 7.9 |
| Commercial and Industrial Loans | 6,183 | 10.3 |
| Consumer Loans | 9,450 | 15.7 |
| Other Loans | 75 | 0.1 |
| Total Loans | 60,159 | 100.0 |
| <i>Source: Reports of Condition and Income</i> | | |

FSB has no financial or legal impediments that would inhibit its ability to meet the credit needs of its established assessment area. The bank was assigned a CRA rating of "Outstanding" at its prior FDIC CRA evaluation dated September 28, 2015, which used Small Bank Examination Procedures to assess the bank's performance.

DESCRIPTION OF ASSESSMENT AREA

Entire Counties: EFFINGHAM, FAYETTE, SHELBY

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. FSB designated one assessment area consisting of the 21 census tracts comprising Effingham County, Fayette County, and Shelby County, which are considered part of the Illinois Non-Metropolitan Area (IL Non-MSA). The assessment area conforms to CRA requirements and does not arbitrarily exclude low- and moderate-income geographies.

Economic and Demographic Data

The Department of Housing and Urban Development categorizes individual census tracts in Effingham, Fayette, and Shelby counties as low-, moderate-, middle-, or upper-income based upon the individual geography's median family income (MFI) as a percentage of the IL Non-MSA. Based on information from the 2015 American Community Survey (ACS), the bank's assessment area was designated with three moderate-income, fourteen middle-income, and four upper-income census tracts. This is a change from the previous evaluation when the assessment area had two

moderate-income, sixteen middle-income, and three upper-income census tracts. The following table illustrates select demographic characteristics of this assessment area.

| Demographic Information of the Assessment Area | | | | | | |
|--|--------|---------------|------------------------------|------------------|-----------------|---------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 21 | 0.0 | 14.3 | 66.7 | 19.0 | 0.0 |
| Population by Geography | 78,583 | 0.0 | 8.7 | 67.7 | 23.5 | 0.0 |
| Housing Units by Geography | 34,411 | 0.0 | 9.1 | 68.3 | 22.6 | 0.0 |
| Owner-Occupied Units by Geography | 24,232 | 0.0 | 8.4 | 66.1 | 25.4 | 0.0 |
| Occupied Rental Units by Geography | 5,903 | 0.0 | 9.6 | 75.6 | 14.8 | 0.0 |
| Vacant Units by Geography | 4,276 | 0.0 | 12.3 | 70.3 | 17.4 | 0.0 |
| Businesses by Geography | 5,106 | 0.0 | 7.7 | 65.0 | 27.3 | 0.0 |
| Farms by Geography | 477 | 0.0 | 7.8 | 61.8 | 30.4 | 0.0 |
| Family Distribution by Income Level | 20,695 | 19.4 | 18.6 | 21.9 | 40.1 | 0.0 |
| Household Distribution by Income Level | 30,135 | 21.5 | 16.5 | 18.1 | 43.9 | 0.0 |
| Median Family Income Non-MSAs - IL | | \$59,323 | Median Housing Value | | | \$103,138 |
| | | | Median Gross Rent | | | \$578 |
| | | | Families Below Poverty Level | | | 9.0% |
| 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 2020 MFI level is used to analyze home mortgage loans under the Borrower Profile criterion. The low-, moderate-, middle-, and upper-income categories are presented in the following table. These categories are based on the 2020 Federal Financial Institutions Examination Council (FFIEC)-updated MFI for the IL Non-MSA, which is \$65,800.

| Median Family Income Ranges: IL Non-MSA (99999) | | | | |
|--|------------------------|------------------------------------|-----------------------------------|------------------------|
| Median Family Incomes | Low <50% | Moderate 50% to <80% | Middle 80% to <120% | Upper ≥120% |
| 2020 (\$65,800) | <\$32,900 | \$32,900 to <\$52,640 | \$52,640 to <\$78,960 | ≥\$78,960 |
| <i>Source: FFIEC</i> | | | | |

Major employers in the assessment area include HSHS St. Anthony Hospital (864), Panasonic Automotive Systems (800), Eaton Lighting Solutions (700), and Heartland Dental (600). In terms of the number of businesses, services and retail are the most prevalent types of firms. According to 2020 D&B data, there were 5,106 non-farm businesses in the assessment area. Gross annual revenues for these businesses are below:

- 77.7 percent have revenues of \$1 million or less
- 6.1 percent have revenues of more than \$1 million
- 16.2 percent have unknown revenues

The area is largely rural and heavily dependent on agriculture. According to 2020 D&B data, there were 477 farms in the assessment area. Gross annual revenues for these farming operations are below:

- 97.3 percent have revenues of \$1 million or less
- 1.5 percent have revenues of more than \$1 million
- 1.3 percent have unknown revenues

According to the United States Department of Labor, the unemployment rates as of July 2021 for Effingham County (3.9 percent), Fayette County (4.9 percent), and Shelby County (4.3 percent) are below the State of Illinois rate (7.0 percent) and the national rate (6.1 percent). The unemployment rates have appeared to recover faster in the assessment area than in the state since the Coronavirus Disease 2019 (COVID-19) pandemic hit.

Competition

The assessment area has a highly competitive market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2021, there were 22 financial institutions operating 51 full-service offices throughout the assessment area. FSB ranked tenth with 2.4 percent of the deposit market share. The highest-ranked institution had a deposit market share of 21.0 percent.

While the assessment area is highly competitive for deposits, it is also highly competitive for loans. While FSB does not report Home Mortgage Disclosure Act (HMDA) data, 2020 aggregate lending data confirms the level of competition with 161 lenders, who do report data, originating or purchasing 2,150 home mortgage loans in the assessment area.

Community Contact

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.

For this evaluation, examiners reviewed one recent community contact with a representative from an economic development organization in Effingham County. The contact stated that the population in the area is aging but has stayed relatively constant with some increases. Economic conditions have remained relatively stable, with some employers expanding in recent months. While the COVID-19 pandemic has impacted the area, the agricultural sector appears to be on track

for a good year, and manufacturing firms have continued operating. The contact stated that the housing market remains very active. The housing stock in the area is currently low, with smaller towns around Effingham providing good alternatives to a tight market in Effingham. The contact also indicated that local financial institutions have been responsive to community lending needs and was not aware of any unmet needs in the area.

Credit Needs

According to bank management and the community contact, the main credit needs in the area are home mortgage, agricultural, and commercial lending. Particularly during the COVID-19 pandemic, Paycheck Protection Program (PPP) loans were a recent credit need. The Small Business Administration created the PPP in response to the COVID-19 pandemic to help small businesses maintain and compensate their workforce during the crisis.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from FSB's prior performance evaluation dated September 28, 2015, to the current evaluation dated September 27, 2021. Examiners used Interagency Small Institution Examination Procedures to evaluate the bank's CRA performance. These procedures, used again at the current evaluation, focus on the bank's lending according to the following criteria under the Lending Test:

- LTD ratio,
- Assessment area concentration,
- Borrower profile,
- Geographic distribution, and
- Response to CRA-related complaints.

Activities Reviewed

Bank records and management discussion revealed that the bank's major product lines are commercial, residential home mortgage, and agricultural loans. These conclusions considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period, specifically focusing on calendar year 2020 as a representative year.

Bank management considers providing credit in the local area their main focus, and they originate loans to serve their community. For this evaluation, the bank's home mortgage lending received the most weight followed by small business lending. The bank's small farm lending received the least weight. Based on the bank's lending in 2020, there was an emphasis on home mortgage lending (51 percent of all 2020 originations) and commercial loans (39.5 percent), which also demonstrates these lending areas are the bank's primary products. Additionally, the bank engaged in PPP lending during 2020 and 2021, originating 205 loans totaling \$2.9 million. All but one of the bank's commercial loans in 2020 met the definition of a small business loan, including the 64 PPP loans

originated in 2020 totaling \$988,000.

Examiners evaluated the bank's performance using outstanding residential home mortgage, small business, and small farm loans originated and renewed from January 1, 2020, to December 31, 2020. Specifically, examiners reviewed 211 home mortgage loans totaling \$27.9 million, 130 small business loans totaling \$11.4 million, and 82 small farm loans totaling \$7.0 million.

For the Lending Test, examiners reviewed the entire 2020 loan universe to evaluate the Assessment Area Concentration criterion. Only loans inside the assessment area were analyzed for the Geographic Distribution criterion, and a random sample of loans in the assessment area were analyzed for the Borrower Profile criterion. The home mortgage sample included 51 loans totaling \$6.9 million, the small business sample included 47 loans totaling \$3.4 million, and the small farm sample included 36 loans totaling \$2.9 million. The 2015 ACS data provided a standard of comparison for the bank's home mortgage lending, while 2020 D&B data provided a standard of comparison for small business and small farm lending.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

FSB demonstrated excellent performance under the Lending Test. Excellent Geographic Distribution across all three products reviewed, a more than reasonable LTD Ratio, and excellent Borrower Profile in small business lending supports this conclusion.

Loan-to-Deposit Ratio

FSB's net LTD ratio is more than reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs. The bank's most recent net LTD ratio was 74.5 percent as of June 30, 2021. The average net LTD ratio was 92.4 percent over the last 24 quarters from September 30, 2015, to June 30, 2021. The ratio ranged from its current low of 74.5 percent to a high of 102.5 percent as of June 30, 2018. Since the peak in 2018, the ratio has trended downward slightly, though still maintaining an average of 89.9 percent for calendar years 2019 and 2020. The COVID-19 pandemic has resulted in an influx of deposits that have outpaced loan growth. However, it is important to note that the bank's activity in the secondary market is not reflected in these numbers. In 2020, the bank originated 126 secondary market loans totaling over \$21 million.

FSB's average and most current net LTD ratios were compared to six other banks headquartered in the assessment area and surrounding counties that are predominantly rural. All have similar approaches with a mix of home mortgage, commercial, and agricultural loans. Similar banks were limited to those with less than three times the total assets of FSB. Based on the banks reviewed, in terms of the average net LTD ratio, FSB has the highest ratio by a substantial margin, with all the banks experiencing similar deposit growth and downward trending ratios. The average net LTD ratios for the other banks ranged from 47.5 percent to 82.0 percent and are reflected in the following table.

| Loan-to-Deposit Ratio Comparison | | |
|---|--|---|
| Bank | Total Assets as of 6/30/2021 (\$000s) | Average Net Loan-to- Deposit Ratio (%) |
| FSB | 91,124 | 92.4 |
| Institution #1 | 59,170 | 54.5 |
| Institution #2 | 47,080 | 53.9 |
| Institution #3 | 237,657 | 47.5 |
| Institution #4 | 28,519 | 57.5 |
| Institution #5 | 162,862 | 82.0 |
| Institution #6 | 240,668 | 78.0 |
| <i>Source: Reports of Condition and Income 09/30/2015 through 6/30/2021</i> | | |

Assessment Area Concentration

A substantial majority of the bank's lending in 2020, by number and dollar volume, was made within the assessment area for all three products reviewed. The following table shows the bank's concentration of loans inside and outside of the assessment area.

| 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 | 199 | 94.3 | 12 | 5.7 | 211 | 26,140 | 93.8 | 1,725 | 6.2 | 27,865 |
| Small Business | 121 | 93.1 | 9 | 6.9 | 130 | 10,566 | 93.0 | 790 | 7.0 | 11,356 |
| Small Farm | 74 | 90.2 | 8 | 9.8 | 82 | 6,184 | 89.0 | 766 | 11.0 | 6,950 |
| Total | 394 | 93.1 | 29 | 6.9 | 423 | 42,890 | 92.9 | 3,281 | 7.1 | 46,171 |
| Source: 1/1/2020-12/31/2020 Bank Data | | | | | | | | | | |

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. This conclusion is supported by the bank's excellent performance in all three products reviewed. Examiners focused on the percentage of lending by number in moderate-income census tracts.

Home Mortgage Loans

FSB's geographic distribution of home mortgage loans by census tract income level reflects excellent dispersion throughout the assessment area. In 2020, FSB's lending performance in the moderate-income census tracts significantly exceeded the percentage of owner-occupied housing in those tracts. The following table reflects the geographic distribution of home mortgage loans within the assessment area.

| Geographic Distribution of Home Mortgage Loans | | | | | |
|---|-----------------------------------|------------|--------------|---------------|--------------|
| Tract Income Level | % of Owner-Occupied Housing Units | # | % | \$(000s) | % |
| Moderate | 8.4 | 52 | 26.1 | 6,509 | 24.9 |
| Middle | 66.1 | 102 | 51.3 | 13,012 | 49.8 |
| Upper | 25.4 | 45 | 22.6 | 6,619 | 25.3 |
| Total | 100.0 | 199 | 100.0 | 26,140 | 100.0 |
| Source: 2015 ACS, Bank Data Due to rounding, totals may not equal 100.0% | | | | | |

Small Business Loans

FSB's geographic distribution of small business loans by census tract income level reflects excellent dispersion throughout the assessment area. FSB's lending performance in the moderate-income census tracts compared favorably to the percentage of businesses that operate in those tracts. The following table reflects the geographic distribution of small business loans within the assessment area.

| Geographic Distribution of Small Business Loans | | | | | |
|--|-----------------|------------|--------------|---------------|--------------|
| Tract Income Level | % of Businesses | # | % | \$(000s) | % |
| Moderate | 7.7 | 18 | 14.9 | 1,392 | 13.2 |
| Middle | 65.0 | 78 | 64.5 | 6,192 | 58.6 |
| Upper | 27.3 | 25 | 20.7 | 2,982 | 28.2 |
| Totals | 100.0 | 121 | 100.0 | 10,566 | 100.0 |
| Source: 2020 D&B Data; Bank Data Due to rounding, totals may not equal 100.0% | | | | | |

Small Farm Loans

FSB's geographic distribution of small farm loans by census tract income level reflects excellent dispersion throughout the assessment area. FSB's lending performance in the moderate-income tracts significantly exceeded the percentage of farms that operate in those tracts. The following table reflects the geographic distribution of small farm loans originated within the assessment area.

| Geographic Distribution of Small Farm Loans | | | | | |
|---|--------------|-----------|--------------|--------------|--------------|
| Tract Income Level | % of Farms | # | % | \$(000s) | % |
| Moderate | 7.8 | 29 | 39.2 | 2,329 | 37.7 |
| Middle | 61.8 | 37 | 50.0 | 3,521 | 56.9 |
| Upper | 30.4 | 8 | 10.8 | 334 | 5.4 |
| Totals | 100.0 | 74 | 100.0 | 6,184 | 100.0 |
| Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0% | | | | | |

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses and farms of different sizes. Although the bank's record of lending to businesses of different sizes is excellent, the bank's reasonable home mortgage and small farm performance supports this conclusion. Examiners focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers, and the percentage of small business and small farm loans to operations with revenues of \$1 million or less.

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income borrowers. Examiners focused on the comparison to demographic data for the assessment area.

The bank's lending performance to low-income borrowers at 7.8 percent is reasonable compared to the 19.4 percent of low-income families in the assessment area when considering that 9.0 percent of the families are below the poverty level. Families living below the poverty level are often unable to financially qualify for home mortgage credit. For moderate-income borrowers, the bank's performance was slightly above demographic data and is also considered reasonable. Additionally, bank management indicated that the bulk of mortgage lending demand recently has been middle- and upper-income borrowers seeking to refinance loans due to low interest rates. While the bank is not a HMDA reporter, and therefore not compared to aggregate HMDA data, it is worth noting that HMDA reporters in this three-county area reported 6 percent of loans to low-income borrowers and 14.5 percent of loans to moderate-income borrowers in 2020. FSB's performance to both low- and moderate-income borrowers exceeded that of HMDA-reporting institutions making loans in the same market.

| Distribution of Home Mortgage Loans by Borrower Income Level | | | | | |
|---|----------------------|-----------|--------------|-----------------|--------------|
| Borrower Income Level | % of Families | # | % | \$(000s) | % |
| Low | 19.4 | 4 | 7.8 | 320 | 4.6 |
| Moderate | 18.6 | 10 | 19.6 | 987 | 14.3 |
| Middle | 21.9 | 13 | 25.5 | 1,545 | 22.4 |
| Upper | 40.1 | 24 | 47.1 | 4,060 | 58.7 |
| Total | 100.0 | 51 | 100.0 | 6,912 | 100.0 |
| <i>Source: 2015 ACS; Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i> | | | | | |

Small Business Loans

The distribution of small business loans reflects excellent penetration among businesses of different sizes. As previously mentioned, the bank's level of lending to businesses of different sizes is compared to the businesses in the assessment area by gross annual revenue level, as reported by D&B. All 47 sampled small business loans were made to entities with revenues of \$1 million or less. This exceeded D&B demographic data, which indicates 77.7 percent of businesses in the assessment area are in this same revenue category.

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration among farms of different sizes. As mentioned, the bank's level of lending to farms of different sizes is compared to the farms in the assessment area by gross annual revenue level, as reported by D&B. All 36 sampled small farm loans were made to entities with revenues of \$1 million or less. This exceeded D&B demographic data, which indicates 97.3 percent of farms in the assessment area are in this same revenue category.

Response to Complaints

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

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.