

# **PUBLIC DISCLOSURE**

August 8, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

United Citizens Bank of Southern Kentucky  
Certificate Number: 57867

700 Jamestown St  
Columbia, Kentucky 42728

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 **Outstanding**.

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

United Citizens Bank of Southern Kentucky's (UCB's) outstanding Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize UCB'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.
- The bank made a substantial majority of its home mortgage, small business, and small farm loans in the AA.
- The geographic distribution of loans reflects excellent dispersion throughout the AA.
- The distribution of borrowers reflects excellent 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 Lending Test rating.

## DESCRIPTION OF INSTITUTION

Headquartered in Columbia, Adair County, Kentucky, UCB operates in the south-central part of Kentucky. United Citizens Bancorp, Inc., a one-bank holding company, is also located in Columbia, and owns UCB. The bank received a "Satisfactory" rating at its previous FDIC Performance Evaluation, dated October 10, 2017, based on Interagency Small Institution Examination Procedures.

UCB operates six full-service branches in its AA; the Main Office and two branches are located in Columbia (Adair County); one branch in Campbellsville (Taylor County); one branch in Greensburg (Green County); and one branch in Russell Springs (Russell County). Since the previous evaluation, the bank opened two new branches, one in Adair County (July 2019) and one in Green County (February 2022). UCB offers its customers loan products such as home mortgage, agricultural, commercial, and consumer loans, primarily focusing on commercial and agricultural loans. The bank provides a variety of deposit services including checking, savings, and certificates of deposit. Alternative banking services include internet and mobile banking, electronic bill pay, and six bank-owned automated teller machines, none of which is deposit taking.

The President signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) into law on March 27, 2020, and authorized the Small Business Administration (SBA) to guarantee \$349 billion in loans under a new Paycheck Protection Program (PPP). The intent of the CARES Act was for the SBA to provide relief to America's small businesses expeditiously by giving all lenders delegated authority and streamlining the requirements of the regular 7(a) loan program. In addition, the PPP and HealthCare Enhancement Act became law on April 24, 2020, and authorized an

additional \$310 billion for guarantees of PPP loans. As of the date of this evaluation, UCB originated 23 loans totaling approximately \$598,985 in 2020, and 404 loans totaling approximately \$2.9 million in 2021. The bank's PPP lending demonstrates the bank's willingness to meet the credit needs of its community by moving quickly to provide small businesses relief during the COVID-19 pandemic.

Assets totaled approximately \$222.5 million as reported in the Consolidated Reports of Condition and Income (or Call Report) as of June 30, 2023, and included total loans of approximately \$193.3 million and securities totaling approximately \$14.7 million. Examiners did not identify any financial, legal, or other impediments that affect UCB's ability to meet AA credit needs. The following table presents the loan portfolio distribution for the bank.

<b>Loan Portfolio Distribution as of 6/30/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	12,634	6.5
Secured by Farmland	33,288	17.2
Secured by 1-4 Family Residential Properties	78,053	40.4
Secured by Multifamily (5 or more) Residential Properties	1,535	0.8
Secured by Nonfarm Nonresidential Properties	16,844	8.7
<b>Total Real Estate Loans</b>	<b>142,354</b>	<b>73.6</b>
Commercial and Industrial Loans	23,308	12.1
Agricultural Production and Other Loans to Farmers	10,810	5.6
Consumer Loans	16,102	8.3
Other Loans	699	0.4
<b>Total Loans</b>	<b>193,273</b>	<b>100.0%</b>
<i>Source: Reports of Condition and Income</i>		

## DESCRIPTION OF AA

The CRA requires each financial institution to define one or more AAs within which examiners will evaluate its CRA performance. UCB designated a single AA, consisting of Adair, Green, Russell, and Taylor Counties in south-central Kentucky. The AA is remote and is not included within any MSAs. This delineation is in conformance with the requirements of the CRA regulation, as the geographies are contiguous and delineation does not arbitrarily exclude low- or moderate-income census tracts. The following sections discuss demographic and economic information for the AA.

### **Economic and Demographic Data**

UCB's AA includes the 23 census tracts in the contiguous four county area. These census tracts include three moderate-, 14 middle-, and six upper-income tracts. Since the prior evaluation, some tracts income designations changed due to the release of the 2020 U.S. Census Data.

According to the 2022 FFIEC's list of Distressed or Underserved Nonmetropolitan Middle-Income Geographies, a majority of the middle-income census tracts are distressed and/or underserved. Five middle-income census tracts in Adair County are distressed due to poverty; two middle-income tracts in Green County are distressed due to poverty and underserved; the four middle-income tracts in Russell County are distressed due to poverty, unemployment, and underserved; and four middle-income tracts in Taylor County are distressed due to poverty. The following table depicts demographic information

for the bank's AA.

Demographic Information of the AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	23	0.0	13.0	60.9	26.1	0.0
Population by Geography	74,024	0.0	12.9	58.6	28.5	0.0
Housing Units by Geography	35,082	0.0	13.2	60.9	25.9	0.0
Owner-Occupied Units by Geography	20,092	0.0	14.1	57.6	28.3	0.0
Occupied Rental Units by Geography	8,120	0.0	13.8	57.3	28.9	0.0
Vacant Units by Geography	6,870	0.0	9.8	74.9	15.3	0.0
Businesses by Geography	5,897	0.0	11.8	59.1	29.2	0.0
Farms by Geography	531	0.0	19.0	54.8	26.2	0.0
Family Distribution by Income Level	18,907	21.3	15.6	19.6	43.4	0.0
Household Distribution by Income Level	28,212	25.0	15.5	16.0	43.5	0.0
Median Family Income Non-MSAs - KY		\$54,327	Median Housing Value			\$112,001
Families Below Poverty Level		13.6%	Median Gross Rent			\$595
Source: 2020 U.S. Census and 2022 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.						

There are 35,082 housing units in UCB's AA. Of these, 57.3 percent are owner-occupied, 23.1 percent are occupied rental units, and 19.6 percent are vacant. Examiners used the distribution of owner-occupied housing units to compare the bank's home mortgage lending under the Geographic Distribution criterion.

Examiners used the 2022 FFIEC-updated median family income (MFI) level to analyze home mortgage loans under the Borrower Profile criterion. The following table illustrates the four income categories used within this evaluation.

MFI Ranges				
MFIs	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2022 (\$61,700)	<\$30,850	\$30,850 to <\$49,360	\$49,360 to <\$74,040	≥\$74,040
Source: FFIEC				

Data obtained from the U.S. Bureau of Labor and Statistics indicates that the annual unemployment rate in 2022 was 3.9 percent statewide, which was higher than the national average of 3.6 percent. UCB's AA has higher unemployment rates in two counties when compared to the state and national averages for 2022. Adair County reported 4.5 percent unemployment, Green County reported 3.7 percent unemployment, Russell County reported 4.9 percent unemployment, and Taylor County reported 3.7 percent unemployment in 2022.

According to 2020 U.S. Census Data, there were 5,897 businesses in UCB's AA. Gross annual revenues (GARs) for these businesses include 87.2 percent with \$1 million or less, 2.9 percent with more than \$1 million, and 9.9 percent with unknown revenues. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by GAR level. Service industries represented the largest portion of businesses at 31.4 percent; followed by non-classifiable establishments (19.1 percent); and retail trade (13.1 percent). In addition, 66.7 percent of area businesses have four or fewer employees, and 90.7 percent operate from a single location.

According to 2020 U.S. Census Data, there were 531 small farms in UCB's AA. GAR for these farms include 99.2 percent with \$1 million or less, 0.4 percent with more than \$1 million, and 0.4 percent with unknown revenues. The analysis of small farm loans under the Borrower Profile criterion compares the distribution of farms by GAR level.

### **Competition**

UCB's AA is moderately competitive in the market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2022, 14 financial institutions operated 39 full-service branches within the AA. Of these institutions, UCB ranked fourth, with a 10.7 percent deposit market share.

The bank is not required to collect or report its small business loan data, and it has not elected to do so. Therefore, the analysis of small business loans does not include comparisons against aggregate data; however, aggregate data reflects the level of demand for small business loans and is therefore included. Based on aggregate data for 2021, 49 institutions reported 1,115 small business loans in the AA, which indicates a high degree of competition for this product. Of these lenders, the top three accounted for 59.9 percent of the small business lending market share.

There is a high level of competition for home mortgage loans among several banks, credit unions, and non-depository mortgage lenders. Although the bank is not a HMDA reporter, and therefore not required to report home mortgage loans, examiners used the aggregate HMDA data in 2022 as a measure of home mortgage competition in the area. In 2021, the most recent aggregate data available, 169 lenders reported 1,167 residential mortgage loans within the AA. Of these lenders, the top three accounted for 30.7 percent of the home mortgage lending market share.

### **Community Contact**

As part of the evaluation process, examiners contact third parties active in the AA to assist in identifying the credit needs. This information helps determine whether local financial institutions are responding to those needs, and identifies what credit opportunities are available.

Examiners contacted a representative who is familiar with the demographics of the area to discuss the credit needs of the AA. The contact stated that the local economy is relatively healthy; however, the availability of housing is low, and what is available is in high demand, which drives the cost of living up. The contact stated that the PPP loans were essential in ensuring that small businesses were able to survive the Pandemic. The contact mentioned that down-payment assistance programs would be beneficial to the area, as families struggle to meet the high down-payment costs.

### **Credit Needs**

Based on the discussion with the community contact, institution management, and demographic and economic data, examiners determined that the primary credit needs in the AA are small business and affordable housing lending, including down-payment assistance programs.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior performance evaluation dated October 10, 2017, through the current evaluation dated August 8, 2023. Examiners used the Interagency Small Institution Examination Procedures to conduct a full-scope review of UCB's CRA performance within the bank's AA, which includes the contiguous Kentucky counties of Adair, Russell, Taylor, and Green. The Lending Test considers the bank's performance with the criteria detailed in the bullet points above.

### **Activities Reviewed**

Examiners determined UCB's major product lines are small business, small farm, and home mortgage loans. This conclusion considered the bank's business strategy and the number and dollar volume of loans originated during the evaluation period. UCB's record of originating small business loans contributed more weight to overall conclusions due to the larger loan volume when compared to small farm and home mortgage lending during the most recent calendar year (2022). Consumer loans do not represent a major product line; therefore, examiners did not present consumer loans, because they provided no material support for conclusions or ratings.

Examiners sampled loans originated or renewed from January 1, 2022, through December 31, 2022 (review period) and considered this representative of the bank's performance during the entire evaluation period.

UCB originated or renewed 526 small business loans totaling approximately \$24.7 million during the review period, of which examiners sampled 70 totaling approximately \$3.8 million; and 332 small farm loans totaling approximately \$14.2 million, of which examiners sampled 65 totaling approximately \$2.7 million. D&B data for 2022 provided a standard of comparison for the sampled small business and small farm loans. UCB originated 298 home mortgage loans totaling approximately \$31.8 million during the review period, of which examiners sampled 60 totaling approximately \$6.8 million. Although UCB is not a HMDA reporter, examiners used aggregate data to show the level of competition for home mortgage loans in the AA.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

UCB demonstrated excellent performance under the Lending Test. The bank's LTD ratio, AA Concentration, Geographic Distribution, and Borrower Profile performance support this conclusion.

### **LTD Ratio**

The LTD ratio is more than reasonable given the bank's size, financial condition, and AA credit needs. UCB's LTD ratio, calculated from the Call Report data, averaged 95.3 percent over the past 23

calendar quarters from December 31, 2017 to June 30, 2023. The ratio ranged from a low of 85.7 percent in March 2022, to a high of 100.1 percent in December 2018. The ratio remained generally stable during the evaluation period. UCB maintained a ratio significantly higher than comparable institutions, as shown in the following table. Examiners selected comparable institutions based on their asset size, geographic location, and lending focus.

<b>LTD Ratio Comparison</b>		
<b>Banks</b>	<b>Total Assets as of 06/30/2023 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>UCB of Southern KY</b>	<b>222,522</b>	<b>95.3</b>
Similarly-Situated Institution #1	272,730	79.8
Similarly-Situated Institution #2	178,564	77.2
Similarly-Situated Institution #3	312,534	77.5
Similarly-Situated Institution #4	152,120	71.6
<i>Source: Reports of Condition and Income 12/31/2017 – 06/30/2023</i>		

### **Assessment Area Concentration**

As shown in the following table, a substantial majority of small business, small farm, and home mortgage loans, by number and dollar volume are in UCB's AA.

Lending Inside and Outside the Assessment Area										
Loan Category	Number of Loans				Total #	Dollars Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	67	95.7	3	4.3	70	3,287	87.7	463	12.3	3,750
Small Farm	60	92.3	5	7.7	65	2,506	93.3	179	6.7	2,685
Home Mortgage	52	86.7	8	13.3	60	5,800	85.5	984	14.5	6,784
Source: Bank records from 1/1/2022 to 12/31/2022										

### **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the AA. UCB's excellent performance of small business and small farm lending and reasonable performance of home mortgage lending supports this conclusion. Examiners focused on the percentage by number of loans in moderate-income census tracts due to the AA not containing any low-income census tracts.

### **Small Business**

The geographic distribution of sampled small business loans reflects excellent dispersion throughout the AA. The following table shows USB's performance in moderate-income census tracts exceeds business demographics by 4.6 percent. Additionally, 47 (70.1 percent) of the total loans were made in distressed or underserved middle-income census tracts. This further supports the bank's excellent performance.



Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	11.8	11	16.4	825	25.1
Middle	59.1	48	71.6	1,823	55.5
Upper	29.2	8	11.9	639	19.5
<b>Total</b>	<b>100.0</b>	<b>67</b>	<b>100.0</b>	<b>3,287</b>	<b>100.0</b>
<i>Source: 2022 D&amp;B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

### ***Small Farm***

The geographic distribution of sampled small farm loans reflects excellent dispersion throughout the AA. The following table shows that USB's performance in moderate-income census tracts exceeds demographics by 2.7 percent. Additionally, 38 (63.3 percent) of the total loans were made in distressed or underserved middle-income census tracts. This further supports the bank's excellent performance.

Geographic Distribution of Small Farm Loans					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Moderate	19.0	13	21.7	250	10.0
Middle	54.8	41	68.3	1,616	64.5
Upper	26.2	6	10.0	641	25.6
<b>Total</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	<b>2,506</b>	<b>100.0</b>
<i>Source: 2022 D&amp;B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

### ***Home Mortgage***

The geographic distribution of sampled home mortgage loans reflects reasonable dispersion throughout the AA. The following table shows that USB's performance in moderate-income census tracts trails demographic data by 2.6 percent. However, 31 (59.6 percent) of the total loans were made in distressed or underserved middle-income census tracts. This supports the bank's reasonable performance.

Geographic Distribution of Home Mortgage Loans					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate	14.1	6	11.5	379	6.5
Middle	57.6	33	63.5	3,839	66.2
Upper	28.3	13	25.0	1,582	27.3
<b>Total</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>	<b>5,800</b>	<b>100.0</b>
<i>Source: 2020 U.S. Census Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

### **Borrower Profile**

The distribution of borrowers reflects excellent penetration among businesses and farms of different sizes, and individuals of different income levels in the AA. UCB's excellent performance of small

business and small farm lending supports this conclusion. Examiners focused on the percentage by number of small business and small farm loans to businesses and farms with GARs of \$1 million or less. Examiners also focused on the percentage by number of home mortgage loans to low- and moderate-income borrowers.

### ***Small Business***

The distribution of small business loans reflects excellent penetration of loans to businesses with GARs of \$1 million or less. The following table shows that the bank originated 92.5 percent of sampled small business loans to businesses with GARs of \$1 million or less. When compared to the percent of businesses (87.2 percent) in this revenue category, the bank's level of lending reflects excellent performance.

<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>
≤ \$1,000,000	87.2	62	92.5	2,006	61.0
> \$1,000,000	2.9	5	7.5	1,281	39.0
Revenue Not Available	9.9	-	0.0	-	0.0
<b>Total</b>	<b>100.0</b>	<b>67</b>	<b>100.0</b>	<b>3,287</b>	<b>100.0</b>
<i>Source: 2022 D&amp;B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

### ***Small Farm***

The distribution of small farm loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. The following table shows that the bank originated 98.3 percent of sampled small farm loans to farms with GARs of \$1 million or less, which slightly trails demographic data at 99.2 percent. The bank's level of lending reflects reasonable performance.

<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
≤ \$1,000,000	99.2	59	98.3	2,381	95.0
> \$1,000,000	0.4	1	1.7	125	5.0
Revenue Not Available	0.4	-	0.0	-	0.0
<b>Total</b>	<b>100.0</b>	<b>60</b>	<b>100.0</b>	<b>2,506</b>	<b>100.0</b>
<i>Source: 2022 D&amp;B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

### ***Home Mortgage***

Overall, the distribution of borrowers reflects excellent penetration among individuals of different incomes. Examiners focused on the comparison to demographic data. As shown in the following table, the bank's lending performance to low-income individuals is significantly below demographic, which is at 21.3 percent; however, demographic data includes families below the poverty level (13.6 percent). Due to their limited financial resources, families with income below the poverty level generally do not have the capacity to support a home mortgage, limiting the demand and opportunity for lending to low-income borrowers. Considering this information, UCB's performance to low-income individuals is higher than demographics by 1.9 percent is reasonable.

Additionally, the bank's lending to moderate-income individuals exceeds demographics by 3.6 percent, which further supports the bank's excellent performance.

<b>Distribution of Home Mortgage Loans by Borrower Income Level</b>					
<b>Borrower Income Level</b>	<b>% of Families</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	*21.3	5	9.6	287	5.0
Moderate	15.6	10	19.2	737	12.7
Middle	19.6	11	21.2	1,338	23.1
Upper	43.4	26	50.0	3,438	59.3
<b>Total</b>	<b>100.0</b>	<b>52</b>	<b>100.0</b>	<b>5,800</b>	<b>100.0</b>
<i>Source: U.S. Census Data; Bank Data; Due to rounding, totals may not equal 100.0%; Families Below Poverty Level is 13.6 percent</i>					

### **Response to Complaints**

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

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

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

## **APPENDICES**

### **SMALL BANK PERFORMANCE CRITERIA**

#### **Lending Test**

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

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

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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