

PUBLIC DISCLOSURE

January 11, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

1st Trust Bank, Inc.
Certificate Number: 57869

44 Commerce Drive
Hazard, Kentucky 41701

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

300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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

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INSTITUTION RATING

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

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities. 1st Trust Bank, Inc. (1TB) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test supports the overall rating. The following points summarize the institution's performance.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment areas (AAs) credit needs.
- A majority of loans are outside the institution's AAs.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels and businesses of different sizes.
- The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

DESCRIPTION OF INSTITUTION

1TB, headquartered in Hazard, Kentucky, operates without a holding company, affiliates, or subsidiaries. 1TB received a "Satisfactory" rating at the previous FDIC Performance Evaluation, dated February 24, 2020, based on Interagency Small Institution Examination Procedures.

The institution operates its main office and three full-service branches in the southeastern portion of Kentucky, in the counties of Perry, Madison, and Laurel. Business hours and services provided do not vary in a way that inconveniences certain portions of the AAs. No merger or acquisition activity occurred since the previous evaluation.

1TB offers a variety of traditional loan and deposit products to consumers and business customers. Credit products include commercial, home mortgage, consumer, and agricultural loans. In addition to portfolio lending, 1TB originates and sells home mortgage loans in the secondary market. Deposit services include checking, savings, money market deposit accounts, and certificates of deposit. Alternative banking services include internet, mobile banking, and remote deposit capture, as well as deposit-taking automated teller machines at each office.

Lawmakers 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 7(a) loan program. In addition, the

PPP and HealthCare Enhancement Act became law on April 24, 2020, and authorized an additional \$310.0 billion for guarantees of PPP loans. As of this evaluation, 1TB originated 255 PPP loans totaling approximately \$25.0 million, 148 PPP loans totaling \$17.2 million in 2020 and 107 PPP loans totaling \$7.8 million in 2021. This lending activity demonstrates 1TBs willingness to meet the credit needs of its community by moving quickly to provide small businesses relief during the COVID-19 pandemic.

As of the September 30, 2022, Consolidated Reports of Condition and Income (Call Report), 1TB assets totaled \$300.4 million, loans \$189.8 million, and deposits of \$277.0 million. Since the previous evaluation, total loans increased \$2.4 million and total deposits increased \$38.6 million. The following table illustrates 1TBs loan portfolio as of September 30, 2022.

Loan Portfolio Distribution as of 09/30/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	21,450	11.3
Secured by Farmland	439	0.2
Secured by 1-4 Family Residential Properties	51,123	26.9
Secured by Multifamily (5 or more) Residential Properties	3,303	1.7
Secured by Nonfarm Nonresidential Properties	72,979	38.5
Total Real Estate Loans	149,294	78.6
Commercial and Industrial Loans	32,534	17.1
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	6,794	3.6
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	1,194	0.6
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	(0)	(0.0)
Total Loans	189,816	100.0
<i>Source: Reports of Condition and Income; Due to rounding, totals may not equal 100.0%.</i>		

The major categories of loans by dollar volume are commercial loans (includes commercial and industrial) at 55.6 percent and home mortgages (includes multi-family) at 28.6 percent. Examiners did not identify any financial, legal, or other impediments that inhibit the institution’s ability to meet the AAs credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more AAs examiners will evaluate its performance. 1TB’s AAs are comprised of three non-contiguous counties of Laurel, Madison, and Perry in Kentucky. The counties are not in a metropolitan statistical area. The combined AAs contain 40 census tracts (CTs), located in the aforementioned three counties where the bank’s branches are. The AAs comply with the requirements of the CRA regulation and do not arbitrarily exclude low- and moderate-income (LMI) areas.

Economic and Demographic Data

The three non-contiguous AAs are comprised of 7 moderate-income, 21 middle-income, and 12 upper-income CTs. The AAs remain unchanged since the prior evaluation. The following table illustrates select demographic characteristics of the AAs.

Demographic Information of the AAs					
Demographic Characteristics	#	Low	Moderate	Middle	Upper
		% of #	% of #	% of #	% of #
Geographies (Census Tracts)	40	0	17.5	52.5	30.0
Population by Geography	173,630	0	15.8	56.8	27.5
Housing Units by Geography	73,855	0	14.7	59.2	26.0
Owner-Occupied Units by Geography	43,068	0	11.9	58.1	30.0
Occupied Rental Units by Geography	23,240	0	19.1	61.4	19.5
Vacant Units by Geography	7,547	0	17.4	59.3	23.3
Businesses by Geography	12,975	0	14.6	56.5	28.9
Farms by Geography	484	0	8.7	44.8	46.5
Family Distribution by Income Level	44,294	22.3	14.8	17.9	45.1
Household Distribution by Income Level	66,308	24.1	14.8	15.7	45.4
Median Family Income Non-MSAs - KY		\$45,986	Median Housing Value		\$115,954
Families Below Poverty Level		17.40%	Median Gross Rent		\$621

Source: 2015 ACS and 2021 D&B Data; Due to rounding, totals may not equal 100.0%.

The Geographic Distribution criterion compares 1TB’s home mortgage lending to the distribution of owner-occupied housing units by tract income category. According to the 2015 American Community Survey (ACS) data, the AAs contain 73,855 housing units, of which, 58.3 percent are owner-occupied, 31.5 percent are occupied rentals, and 10.2 percent are vacant.

As shown in the previous table, the AAs contain 12,975 businesses. The Borrower Profile criterion compares the distribution of small business lending by the borrower’s gross annual revenue (GAR) level. According to June 2021 D&B data, of the businesses located in the AAs, 82.8 percent had GARs of \$1 million or less, 6.5 percent had more than \$1 million, and 10.7 percent had unknown GARs. The most dominant industries in the AAs include the service industry at 36.6 percent, non-classifiable establishments at 17.2 percent, retail trade at 13.3 percent, and finance, insurance, and real estate at 10.3 percent. In addition, of area employers, 64.8 percent have four or fewer employees, and 89.0 percent operate from a single location.

Data obtained from the U.S. Bureau of Labor and Statistics, indicates the unemployment rate for the Laurel and Perry counties were slightly higher than the statewide and national averages as of November 2022, while Madison County was slightly below the statewide and national averages. Like most of the country, the unemployment rates experienced a sharp increase in 2020 than in subsequent years due to the onset of the COVID-19 pandemic. The following table illustrates relevant unemployment rates for 2020, 2021, and year-to-date 2022.

Unemployment Rates (%)			
Area	2020	2021	Nov. 2022
Laurel County	6.7	4.5	4.0
Madison County	5.9	4.1	3.4
Perry County	8.6	6.3	5.1
State of Kentucky	6.4	4.7	3.7
National Average	8.1	5.3	3.5
<i>Source: Bureau of Labor Statistics</i>			

The analysis of home mortgage loans under the Borrower Profile criterion compares the distribution of loans by the borrower’s income level. The income levels represent the Federal Financial Institutions Examination Council’s (FFIEC) adjusted median family income (MFI) ranges for the year in which the bank granted the loan. The following table illustrates the MFI levels for the AAs.

MFI Ranges – KY Non-MSA				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2021 (\$52,600)	<\$26,300	\$26,300 to <\$42,080	\$42,080 to <\$63,120	≥\$63,120
<i>Source: FFIEC</i>				

Competition

The AAs are in a moderately competitive market for financial services. According to FDIC Deposit Market Share data as of June 30, 2022, 22 financial institutions operate 73 full-service branches within the AAs. Of these institutions, 1TB ranked fifth with 6.9 percent of the deposit market share.

1TB is not required to collect or report its home mortgage or small business loan data, and has not elected to do so; therefore, the analysis of this data does not include a comparison to aggregate data. However, aggregate data is useful to gauge the level of competition for home mortgage and small business loans.

With regard to home mortgage lending, the 2021 aggregate data shows that 258 lenders, including banks, credit unions, and non-depository mortgage lenders, originated or purchased 6,774 home mortgage loans. This data reflects the high degree of competition for this product in the AAs.

With regard to small business lending, aggregate data for 2020 indicates that 68 lenders reported 2,396 small business loans in the AAs indicating a high degree of competition for this product. At the time of this evaluation, aggregate data for 2021 was unavailable.

Community Contact(s)

As part of the evaluation process, examiners contact third parties active in the AAs to assist in identifying credit needs and opportunities, including the bank’s responsiveness to those needs. Examiners conducted a new community contact with an economic development leader in the region. The contact stated the majority of residents work within the AAs and many residents from outside the AAs travel into the AAs for work. The AAs are the economic hub for the region. The area has seen moderate economic growth in manufacturing and small businesses over the past

couple of years. The service industry in the region was the largest sector that the pandemic greatly impacted. However, the contact stated that area businesses did remain in business at a higher rate than expected. The contact also stated lending opportunities exist and are prevalent for small and large businesses. In order for the region to reach its full potential, the contact believes there is a need for small business lending for new business growth and job creation. The community contact highlighted that many consumers and business owners in the region have a stigma against borrowing money. They tend to believe you should pay with cash and that borrowing money is a financial failure. This could create limits and challenges to banks attempting to lend in the region.

Additionally, the contact stated there is a lack of housing, specifically affordable housing in the region. The region had experienced limited housing growth in the area despite increasing demand. Recent flooding in the region has compounded this issue resulting in a large volume of resources previously used to build new homes are now being used to reconstruct homes damaged by flooding. The contact also detailed how the geography in the region does not allow for large subdivision developments to the topography of the region. These factors have created recent limitations on the volume of home mortgage opportunities available to financial institutions in the region.

Credit Needs

Considering information from the community contact, institution management, and demographic and economic data, examiners determined small business and home mortgage loans represent the primary credit need of the AAs.

SCOPE OF EVALUATION

General Information

The evaluation covers the period from the previous evaluation, February 24, 2020, to the date of this evaluation, January 11, 2023. Examiners used the FFIEC Interagency Small Institution CRA Examination Procedures, which includes the Lending Test, to evaluate the institution's performance. Examiners used full-scope procedures to assess the institution's performance in the AAs.

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and small business loans. This conclusion considered the institution's business strategy, the number, and dollar volume of loans originated during the evaluation period, loan portfolio composition, and the AAs credit needs. No other loan types, such as consumer or farm loans, represent a major product line; therefore, they provided no material support for conclusions or rating, and examiners did not analyze them.

Given the number and dollar volume, the bank's record of originating home mortgage loans is greater. Therefore, examiners placed more weight on the home mortgage lending performances. The bank experienced a significant increase in home mortgage originations in 2020 and 2021 due to the refinance boom. Examiners used 1TB's records to identify the universe of home mortgage and small business lending activities. As noted earlier, 1TB is not required to collect or report its home mortgage or small business loan data, and has not elected to do so.

Examiners reviewed the universe of home mortgage loans to analyze geographic distribution for 2020 and 2021 given the availability of the data. In 2020, 1TB originated 298 home mortgage loans totaling \$62.4 million and 291 loans totaling \$56.5 million in 2021. For borrower profile performance, examiners sampled 55 home mortgage originations totaling \$11.1 million from 2021. This sample represents the institution's performance during the entire evaluation period.

Examiners analyzed a sample of small business loans originated or renewed between January 1, 2021, and December 31, 2021. In 2021, the bank originated 185 small business loans totaling approximately \$18.2 million, of which examiners sampled 51 loans totaling \$5.5 million. Although not presented, the bank originated 181 small business loans totaling approximately \$15.8 million in 2020. The 2021 small business sample represents the institution's performance during the entire evaluation period. Small business originations also include the PPP loans previously discussed where the bank originated 107 PPP loans totaling \$7.8 million in 2021 and 148 PPP loans totaling \$17.2 million in 2020.

Although examiners analyzed and presented the number and dollar volume of home mortgage and small business loans for the Lending Test, examiners emphasized performance by number of loans because it is a better indicator of the number of individuals and small businesses served. In addition, the Geographic Distribution and Borrower Profile criterion discussed later in this evaluation contain only loans extended in the AAs.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

1TB reflects reasonable performance under the Lending Test. The institution's Geographic Distribution and Borrower Profile performance primarily support this conclusion.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given the institution's size, financial condition, and the AAs credit needs. The institution's average net LTD ratio was 78.3 percent, calculated from Call Report data from the previous 11 quarters from March 31, 2020, to September 30, 2022. The ratio ranged from a high of 91.6 percent as of March 31, 2020, to a low of 67.9 percent as of March 31, 2022. Examiners selected similar institutions based on their asset size, geographic location, and lending focus, as a comparison. As shown in the following table, 1TB's average ratio is comparable to that of similarly situated institutions.

LTD Ratio Comparison		
Bank	Total Assets as of 9/30/2022 (\$000s)	Average Net LTD Ratio (%)
First Trust Bank	300,355	78.3
Similarly-Situated Institution #1	256,261	44.4
Similarly-Situated Institution #2	301,568	73.7
Similarly-Situated Institution #3	286,128	63.7
Similarly-Situated Institution #4	308,096	63.7
<i>Source: Reports of Condition and Income 3/31/2020 – 9/30/2022</i>		

Assessment Areas Concentration

The AAs concentration is weak as shown in the following table. The institution did not make a majority of its home mortgage loans for 2020 and 2021 within the AAs. As discussed earlier, this product carried the greatest weight based on number and dollar volume of originations. A majority of the sampled small business loans by number are within the AAs. However, several high dollar PPP loans originated outside the AAs caused the dollar volume outside the combined AAs to be higher than within the AAs. Specifically, three loans outside of the AAs had loan amounts over \$350,000 and one loan outside of the AAs had a loan amount over \$850,000.

The greatest penetration of home mortgage originations inside the AAs in 2020 and 2021 are in the Madison County AA, with Perry and Laurel County having a lesser concentration. The home mortgage loans outside of the AAs are primarily north of the Madison County AA in Fayette County, a contiguous CT (also a Non-MSA), and to the west in Mercer, Boyle, and Lincoln counties, part of the Lexington MSA. According to management, the home mortgage lending outside of the AAs increased since the previous evaluation due to a third party origination (TPO) arrangement with another financial institution. More specifically, the originated mortgage loans outside the AAs were primarily in the counties of Boyle, Lincoln, and Rockcastle during the review period under this TPO arrangement. However, due to a change in management, the bank stated 2022 TPO origination volumes were minimal and not expected to continue. Further, the community contact stated there are limited home mortgage lending opportunities within the AAs.

Lending Inside and Outside of the AAs										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	143	48.0	155	52.0	298	27,501	44.0	34,942	56.0	62,443
2021	119	40.9	172	59.1	291	24,044	42.6	32,408	57.4	56,452
Total	262	44.5	327	55.5	589	51,545	43.4	67,350	56.6	118,895
Small Business	37	72.5	14	27.5	51	2,408	43.5	3,132	56.5	5,540
<i>Source: Bank Data; Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AAs. This is driven by reasonable home mortgage lending and excellent small business lending performance. As previously stated, examiners placed more weight on home mortgage lending. Additionally, the AAs do not include any low-income CTs. Therefore, examiners assessed the bank’s performance in the moderate-income CTs.

Home Mortgage Loans

Based on the universe of home mortgage loans for 2020 and 2021, the bank’s lending reflects reasonable dispersion throughout the AAs. As shown in the following table, the bank’s originations in the moderate-income CTs are slightly higher in 2020 to the demographic and similar in 2021.

Geographic Distribution of Home Mortgage Loans in AAs for 2020 and 2021					
Tract Income Level	% of Owner-Occupied Housing Units	#	%	\$(000s)	%
Moderate					
2020	11.9	20	14.0	4,995	18.2
2021	11.9	13	10.9	3,839	16.0
Middle					
2020	58.1	44	30.8	7,376	26.8
2021	58.1	43	36.1	7,728	32.1
Upper					
2020	30.0	79	55.2	15,130	55.0
2021	30.0	63	52.9	12,477	51.9
Totals					
2020	100.0	143	100.0	27,501	100.0
2021	100.0	119	100.0	24,044	100.0

Source: 2015 ACS; Bank Data; Due to rounding, totals may not equal 100.0%

Small Business Loans

The geographic distribution of the sampled small business loans reflects excellent dispersion throughout the AAs. The bank’s lending in moderate-income CTs significantly exceeded the percentage of businesses in the AAs as shown in the following table.

Geographic Distribution of Small Business Loans in AAs for 2021					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Moderate	14.6	10	27.0	558	23.2
Middle	56.5	20	54.1	1,713	71.1
Upper	28.9	7	18.9	137	5.7
Totals	100.0	37	100.0	2,408	100.0

Source: 2021 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%

Borrower Profile

1TB's distribution of loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes. Examiners focused on home mortgage loans to LMI borrowers and businesses with GARs of \$1 million or less.

Home Mortgage Loans

The distribution of home mortgage loans represents reasonable penetration to individuals of different income levels. As detailed in the following table, the institution's performance significantly trails the percentage of lending to low-income borrowers families; however, this category includes 17.4 percent of families in the AAs with incomes below the poverty level. These families likely face difficulty in qualifying and/or servicing debt in amounts sufficient to finance homes in the AAs. When families below the poverty level are considered, bank performance is reasonable. The institution's level of lending to moderate-income borrowers slightly exceeded demographic data. Beginning in 2022, the bank began offering government backed Federal Housing Authority, Veterans Administration, and Rural Housing loans to provide consumers greater access to lending products that they may be able to qualify for and afford.

Distribution of Home Mortgage Loans by Borrower Income Level in AAs for 2021					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	22.3	1	5.6	120	3.9
Moderate	14.8	3	16.7	293	9.5
Middle	17.9	4	22.2	895	29.1
Upper	45.1	10	55.6	1,772	57.5
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	18	100.0	3,079	100.0

Source: 2015 ACS; Bank Data. Due to rounding, totals may not equal 100.0%

Small Business Loans

The distribution of small business loans reflects reasonable penetration among businesses of different sizes. The following table shows the dispersion of small business with GAR levels of the borrowers. Since 1TB is not required to collect or report small business loan data, examiners compared lending volume to demographic data.

The bank's small business lending percentages in 2021 with GARs at or below \$1 million was impacted greatly by PPP lending. The loan sample included PPP loans as well as portfolio loans originated by the bank internally. Examiners utilized bank data to determine the GARs of the small business PPP and non-PPP loans. The majority of the small business loans were PPP loans (27) for which the institution was not required to collect revenue data from the businesses. However, the PPP loans sampled were to existing bank customers where the revenues were available. The following table reflects the the institutions small business lending within the AAs.

Distribution of Small Business Loans by Gross Annual Revenue Category in AAs for 2021					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	85.3	30	81.1	1,179	49.0
>\$1,000,000	3.6	7	18.9	1,229	51.0
Revenue Not Available	11.1	0	0.0	0	0.0
Totals	100.0	37	100.0	2,408	100.0
<i>Source: 2020 & 2021 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%.</i>					

Response to Complaints

The institution 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.