

PUBLIC DISCLOSURE

June 5, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

North Central Bank
Certificate Number: 17241

126 East High Street
Hennepin, Illinois 61327

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

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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.

The following points summarize the bank's performance:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its small business, small farm, and home mortgage loans inside the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. However, the assessment area only includes one moderate-income geography and no low-income census tracts. While assessed as reasonable, this criterion received nominal weight in the overall CRA rating.
- The distribution of borrowers reflects reasonable penetration of loans among businesses and farms of different sizes, as well as individuals of different income levels.
- The institution did not receive any Community Reinvestment Act (CRA) related complaints since the previous evaluation; therefore, this criterion was not considered in the overall rating.

DESCRIPTION OF INSTITUTION

Background and Operations

North Central Bank (NCB) is a \$157.1 million financial institution headquartered in Hennepin, which is located in north-central Illinois. NCB is wholly owned by Putnam County Bancorp, Inc., a one-bank holding company also headquartered in Hennepin, Illinois. NCB received a Satisfactory CRA rating at its previous FDIC Performance Evaluation, dated April 3, 2017, based on Interagency Small Institution Examination Procedures.

NCB is a full-service bank with its main office in Hennepin, Illinois (pop. 757) in Putnam County. A full-service branch facility is located in Ladd, Illinois (pop. 1,295) in Bureau County. Putnam and Bureau Counties are included in the Illinois Non-Metropolitan Statistical Area (MSA). NCB also operates two automated teller machines (ATMs), which are located at each banking center. No branch openings, closures, or merger acquisitions have occurred since the previous evaluation.

NCB's lending focus continues to be commercial, agricultural, and residential lending. It is a full-service bank that offers an array of conventional loans and deposit products. Commercial lending products includes equipment purchase, real estate, lines and letters of credit. Agricultural financing includes crop input, operating lines, livestock, real estate, and equipment purchase. Home mortgage options include conventional fixed-rate loans through the Federal Home Loan Bank (FHLB), portfolio adjustable rate mortgage (ARM) loans, and home equity lines of credit (HELOC). Although the dollar volume is lower, the bank also offers personal consumer loans.

The bank offers several consumer deposit products and services including checking, savings, money market accounts, certificates of deposit, and individual retirement accounts. In addition, the bank offers online and mobile banking, mobile deposit, person-to-person payments, and bill pay capabilities. These alternative services allow customers to check account balances and transaction history, transfer funds, and make deposits.

Ability and Capacity

According to the Consolidated Reports of Income and Condition dated March 31, 2023, NCB had total assets of \$157.1 million, which included total loans of \$87.9 million and total securities of \$40.8 million. Total deposits equaled \$133.8 million. The bank's assets increased 22.6 percent, and total loans increased 33.1 percent since the previous evaluation. Examiners noted decreases in consumer and agricultural lending. These decreases are primarily attributed to a decline in loan demand due to Payment Protection Program (PPP) funds and economic stimulus payments related to the COVID 19 pandemic. Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet assessment area credit needs.

The loan portfolio is detailed in the following table.

Loan Portfolio Distribution as of 03/31/2023		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	1,501	1.71
Secured by Farmland	13,241	15.06
Secured by 1-4 Family Residential Properties	27,251	30.99
Secured by Multifamily (5 or more) Residential Properties	1,067	1.21
Secured by Nonfarm Nonresidential Properties	24,020	27.31
Total Real Estate Loans	67,080	76.28
Commercial and Industrial Loans	8,698	9.89
Agricultural Production and Other Loans to Farmers	7,244	8.24
Consumer Loans	4,043	4.60
Obligations of State and Political Subdivisions in the U.S.	874	0.99
Total Loans	87,939	100.00
<i>Source: Reports of Condition and Income</i>		

DESCRIPTION OF ASSESSMENT AREA

The CRA requires each financial institution to define one or more assessment areas within which its CRA performance will be evaluated. NCB has designated one assessment area, which is mostly comprised from the Illinois Non-MSA. It includes both census tracts of Putnam County (9545-9546), and a portion of Bureau (9647, 9649-9655), LaSalle (9619-9622, 9629-9634, 9641) and Lee (8-9) Counties. Additional middle-income census tracts of Marshall County, of the Peoria, Illinois MSA #37900 (9611-9614), are included in the assessment area due to the close proximity of the main office in Hennepin. Marshall County is located on the northern edge of the MSA and is demographically similar to the Illinois Non-MSA census tracts, does not contain any banking offices, and would not provide additional support for the bank’s lending performance if analyzed separately. Therefore, the MSA census tracts were not analyzed separately and are included with the Non-MSA area.

The assessment area contains no low-income, one moderate-income, twenty-four middle-income, and two upper-income tracts. The moderate-income tract is located in LaSalle, Illinois, of LaSalle County. The assessment area consists of whole census tracts, includes tracts where the institution’s main office and branches are located, does not reflect illegal discrimination, and does not arbitrarily exclude any low- or moderate-income areas.

Economic and Demographic Data

The designated assessment area has not changed since the previous evaluation; however, the demographics have changed. The prior evaluation used demographics from the 2010 U.S. Census and the 2015 American Community Survey (ACS). According to the 2015 ACS, there were 21 middle-income census tracts, 5 upper-income, and 1 moderate-income. The moderate-income tract, 9633, did not change from the 2015 ACS to the 2020 U.S. Census.

The following table illustrates select demographic characteristics of the assessment area.

Demographic Information of the Assessment Area						
Assessment Area: NCB Hennepin 2022						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	27	0.0	3.7	88.9	7.4	0.0
Population by Geography	90,934	0.0	2.7	88.0	9.3	0.0
Housing Units by Geography	43,622	0.0	2.7	88.1	9.2	0.0
Owner-Occupied Units by Geography	28,544	0.0	1.4	88.2	10.4	0.0
Occupied Rental Units by Geography	9,688	0.0	6.1	87.5	6.5	0.0
Vacant Units by Geography	5,390	0.0	3.7	88.7	7.7	0.0
Businesses by Geography	6,972	0.0	5.3	82.9	11.8	0.0
Farms by Geography	668	0.0	0.7	84.9	14.4	0.0
Family Distribution by Income Level	25,067	16.9	18.6	22.2	42.2	0.0
Household Distribution by Income Level	38,232	20.2	16.3	18.4	45.2	0.0
Median Family Income MSA - 37900 Peoria, IL MSA		\$77,873	Median Housing Value			\$123,269
Median Family Income Non-MSAs - IL		\$68,958	Median Gross Rent			\$737
			Families Below Poverty Level			7.3%
Sources: 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.						

Data obtained from the Illinois Department of Employment Security indicates that unemployment exceeds both the national average and the State of Illinois, as shown in the table below. From April 2022 to April 20g23, with the exception of Putnam County, the unemployment rates for all counties have risen slightly due to the increase of workers looking to return to the labor force.

Unemployment Rates		
Area	April 2022	April 2023
	%	%
Putnam County	4.8	4.7
Bureau County	4.4	4.6
Lee County	3.9	4.1
LaSalle County	4.8	5.2
Marshall County	4.6	4.7
State	4.3	3.7
National Average	3.3	3.1
Source: Bureau of Labor Statistics		

According to 2022 D&B data, there were 7,640 businesses in the assessment area. D&B data indicates service industries represent the largest portion of the businesses at 30.9 percent followed by retail trade (13.9 percent); and agriculture, forestry and fishing (8.7 percent). In addition, 61.9 percent of area businesses have four or fewer employees and 85.3 percent operate from a single location.

Of the 7,640 businesses operating in the assessment area in 2022, 6,972 were non-farm businesses. The analysis of small business loans under the Borrower Profile criterion compares the distribution of loans to the distribution of businesses by revenue category. Gross annual revenues for these businesses are listed below:

- 79.1 percent of businesses have \$1 million or less,
- 5.2 percent of businesses have more than \$1 million, and
- 15.6 percent of businesses have unknown revenues.

In addition, of the 7,640 businesses, 668 were farms. The analysis of small farm loans under the Borrower Profile criterion compares the distribution of loans to the distribution of farms by revenue category. Gross annual revenues for these farms are listed below:

- 97.6 percent of farms have \$1 million or less,
- 1.3 percent of farms have more than \$1 million, and
- 1.0 percent of farms have unknown revenues.

The evaluation used the 2022 FFIEC-updated median family income (MFI) levels to analyze home mortgage loans under the Borrower Profile criterion. The following table contains information on the MFIs by income category.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Peoria, IL MSA Median Family Income (37900)				
2022 (\$88,700)	<\$44,350	\$44,350 to <\$70,960	\$70,960 to <\$106,440	≥\$106,440
IL NA Median Family Income (99999)				
2022 (\$76,100)	<\$38,050	\$38,050 to <\$60,880	\$60,880 to <\$91,320	≥\$91,320
<i>Source: FFIEC</i>				

Competition

NCB operates in a moderately competitive market for deposits. The FDIC Deposit Market Share data as of June 30, 2022, reported 38 financial institutions operating 100 offices in the five counties, which comprise the bank’s assessment area. Of these institutions, NCB ranked fourteenth with a 2.2 percent deposit market share. At the prior evaluation, NCB ranked fifteenth with a 2.4 percent deposit market share.

The bank is not required to collect or report its small business, small farm, or home mortgage loan data; therefore, lending competition is not assessed and the analysis of these loans does not include comparisons to aggregate data.

Community Contacts

Examiners conduct community contact interviews to assist in identifying and understanding the credit needs of the assessment area. The information helps examiners determine whether local financial institutions are responsive to these needs. For this evaluation, examiners reviewed an existing community contact with an economic development representative in the assessment area. The contact stated that the availability of housing stock is scarce and new housing would boost the economy, however, in contrast, rentals are plentiful. Overall, the contact indicated that financial institutions have been responsive to the credit needs of the community.

Credit Needs

Considering the information from the community contact and demographic data, examiners determined that credit needs include small business and home mortgage lending in the assessment area.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated April 3, 2017 to the current evaluation dated June 5, 2023. Examiners used the Interagency Small Institution Examination Procedures to evaluate NCB's CRA performance.

Activities Reviewed

Examiners determined the major product lines offered by NCB are commercial, agricultural, 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. Bank records indicated that the lending focus and product mix remained consistent throughout the evaluation period. All three loan types are weighted the same in this evaluation. No other loan types, such as consumer loans, represent a major product line. Therefore, these loan types provided no material support and were not considered in the conclusions or ratings. In addition, while the number and dollar volume of loans are presented, examiners emphasized performance by number of loans because it is a better indicator of the number of businesses, farms, and individuals served.

The universe of small business, small farm, and home mortgage loans extended from January 1, 2022 through December 31, 2022 were reviewed for the Geographic Distribution and Borrower Profile analysis criteria. This timeframe is considered representative of the entire evaluation period. The following table shows the number and dollar volume of loan products reviewed and presented for the Assessment Area Concentration analysis.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Business	71	10,532	71	10,532
Small Farm	70	9,322	70	9,322
Home Mortgage	44	6,442	44	6,442
<i>Source: Bank Data</i>				

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

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

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's LTD ratio, calculated from Call Report data, averaged 65.8 percent over the past 24 calendar quarters from June 30, 2016 to March 31, 2023. The ratio ranged from a low of 54.7 percent as of June 30, 2017, to a high of 76.4 percent as of December 31, 2020. The average ratio is relatively consistent with the average ratio of 63.8 percent at the previous evaluation. Total deposit, net loans, and total assets have all increased since the previous evaluation.

As shown in the following table, NCB's average net LTD ratio is comparable to the seven similarly-situated institutions (SSI). The SSIs were selected based on their asset size, geographic location, and lending focus. NCB's average net LTD is similar to those of comparable institutions, less than four, but higher than three used in this comparison.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 03/31/2023 (\$000s)	Average Net LTD Ratio (%)
North Central Bank	157,093	65.79
Similarly-Situated Institution #1	125,041	81.61
Similarly-Situated Institution #2	116,637	81.02
Similarly-Situated Institution #3	163,256	76.43
Similarly-Situated Institution #4	79,067	74.32
Similarly-Situated Institution #5	170,572	64.94
Similarly-Situated Institution #6	230,119	63.55
Similarly-Situated Institution #7	260,917	51.79
<i>Source: Reports of Condition and Income 06/30/2017 - 03/31/2023</i>		

Assessment Area Concentration

NCB originated a majority of small business, small farm, and home mortgage loans by both number and dollar volume within the assessment area. The following table provides further details about the number and dollar volume of loans originated inside and outside 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		
	#	%	#	%		\$	%	\$	%	
Small Business	62	87.32	9	12.68	71	8,968	85.15	1,564	14.85	10,532
Small Farm	58	82.86	12	17.14	70	8,425	90.38	897	9.62	9,322
Home Mortgage	37	84.09	7	15.91	44	4,430	68.77	2,012	31.23	6,442
Total	157	84.87	28	15.14	185	21,823	82.99	4,473	17.01	26,296

*Source: Bank Data
Due to rounding, totals may not equal 100.0%*

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area, after considering NCB’s branch network and location of the one moderate-income census tract. Only loans originated in the assessment area are included in the analyses.

During the evaluation period, NCB did not originate any small farm or home mortgage loans, and only originated one small business loan (1.61 percent) in the one moderate-income census tract located within the assessment area. The opportunity to originate loans in this census tract are low, as the tract only contains 5.3 percent of businesses, 0.7 percent of farms, and 1.4 percent of the owner-occupied housing units of the assessment area.

This low level of lending is also mitigated by the location of NCB’s offices in relation to the moderate-income tract. The main office in Hennepin is 22 miles away, and the branch office in Ladd is 12 miles away from this census tract. In addition, several competing financial institutions are located in or between this census tract and the nearest NCB banking office; thereby, decreasing the opportunity for NCB to lend in this tract. Given this performance context, NCB’s level of performance is considered reasonable.

Borrower Profile

The distribution of loans to borrowers reflects reasonable penetration among businesses and farms of different sizes and individuals of different income levels. The bank’s reasonable small business, small farm, and home mortgage performance supports this conclusion. Examiners focused on the percentage of small businesses and small farms with gross annual revenues (GARs) of \$1 million or less and the percentage of home mortgage loans to low- and moderate-income borrowers. Only loans in the assessment area are included in the analyses.

Small Business Loans

The distribution of small business loans reflects reasonable penetration of loans to businesses with GARs of \$1 million or less. As shown in the following table, the bank originated 82.3 percent of its small business loans in this assessment area to businesses with GARs of \$1 million or less, which is consistent with the percentage of businesses in operation at 79.1 percent.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: NCB Hennepin 2022					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	79.10	51	82.26	5,669	63.21
>\$1,000,000	5.20	11	17.74	3,299	36.79
Revenue Not Available	15.60	0	0.00	0	0.00
Total	100.00	62	100.00	8,968	100.00
<i>Sources: 2022 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Small Farm Loans

The distribution of small farm loans reflects reasonable penetration of loans to farms with GARs of \$1 million or less. As shown in the following table, the bank originated 94.8 percent of its small farm loans in this assessment area to farms with GARs of \$1 million or less, which is consistent with the percentage of farms in operation at 97.6 percent.

Distribution of Small Farm Loans by Gross Annual Revenue Category					
Assessment Area: NCB Hennepin 2022					
Gross Revenue Level	% of Farms	#	%	\$(000s)	%
<=\$1,000,000	97.60	55	94.83	7,374	87.53
>\$1,000,000	1.30	3	5.17	1,051	12.48
Revenue Not Available	1.0	0	0.00	0	0.00
Total	100.00	58	100.00	8,425	100.00
<i>Sources: 2022 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

The distribution of home mortgage loans to individuals of different income levels, including low-and moderate-income borrowers, is reasonable. Examiners compared the bank’s performance to demographic data.

The following table shows the percentage of low-income borrowers in the assessment area is 16.9 percent in 2022. However, 7.3 percent of the families residing in the assessment area had incomes below the poverty level. Families within this income designation typically do not have the financial means to qualify for, or afford a home mortgage loan due to financial constraints. The bank originated

5.4 percent of its home mortgage loans to low-income borrowers. This level of lending is below the demographic data, but fairly consistent when considering the poverty level and the percentage of low-income families. The bank's performance with moderate-income borrowers far exceeds the demographic figure and is excellent. Considering the bank's overall performance to low- and moderate-income borrowers, the borrower distribution is reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level					
Assessment Area: NCB Hennepin 2022					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	16.90	2	5.41	115	2.60
Moderate	18.60	13	35.14	1,315	29.68
Middle	22.20	8	21.62	826	18.65
Upper	42.20	14	37.84	2,174	49.07
Total	100.00	37	100.00	4,430	100.00
<i>Sources: 2020 U.S. Census; Bank Data</i>					
<i>Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

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

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners did not identify any evidence of discriminatory or other illegal practices; therefore, this consideration did not affect the 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.